CITY OF FRISCO, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2016

FRISCO
PROGRESS IN MOTION

CITY OF FRISCO, TEXAS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

Prepared by:

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Comprehensive Annual Financial Report
For the Fiscal Year Ended September 30, 2016

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INTRODUCTORY SECTION

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February 28, 2017

Honorable Mayor, Members of the City Council, City Manager, Residents
Frisco, Texas

The Financial Services Department is pleased to submit the Comprehensive Annual Financial Report (CAFR) of the City of Frisco, Texas (the City), for the year ended September 30, 2016, in accordance with Section 7.18 of the City Charter.

This report is published to provide our residents, our bondholders, the City Council, staff and other interested parties with detailed information concerning the financial condition and activities of the government. Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements. We also believe that all disclosures necessary to enable the reader to gain the maximum understanding of the City's financial affairs have been included.

Weaver and Tidwell, LLP, Certified Public Accountants, has issued an unmodified ("clean") opinion on the City of Frisco's financial statements for the year ended September 30, 2016. The report of independent auditors is located at the beginning of the financial section of this report.

This letter of transmittal is designed to compliment Management's Discussion and Analysis (MD&A) and should be read in conjunction with it. The MD&A can be found immediately following the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements.

City Profile

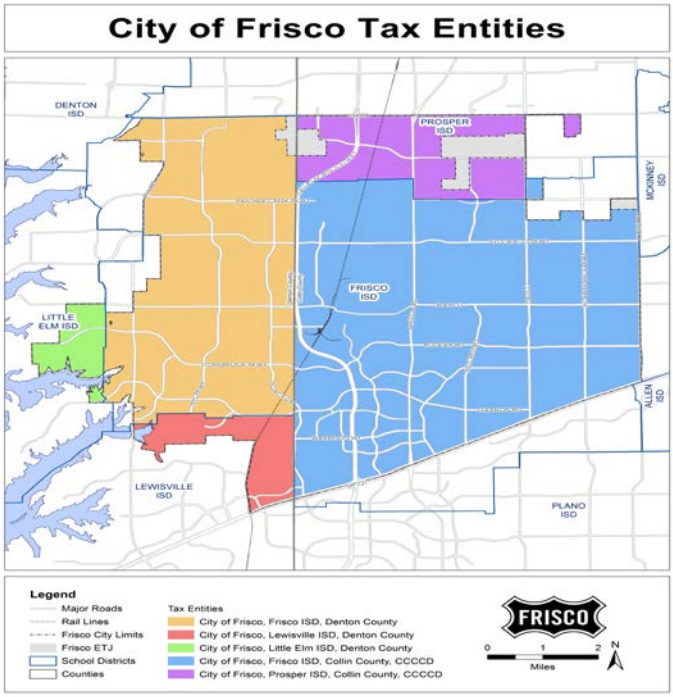
The City of Frisco, incorporated in 1908, is located in west central Collin County and east central Denton County, approximately 25 miles north of downtown Dallas at the intersection of Dallas North Tollway (DNT) and State Highway 121, now known as Sam Rayburn Tollway (SRT). US Highway 380 is the northern border for the City. Frisco is readily accessible via SRT from the Dallas Fort Worth International Airport or via the DNT from Love Field Airport in Dallas. The City currently encompasses (incorporated and unincorporated) 70 square miles which is approximately 62% developed.

We continue to experience population growth. Our population was 332 in 1910, 1,184 in 1960, 6,138 in 1990, 33,714 in 2000 and 116,989 by the 2010 census date. On October 1, 2016, the population was estimated to be 158,180. The City has experienced a 4.7% growth rate during 2016 or about 6,000 additional new residents.

Frisco is a political subdivision that operates as a home-rule city under the laws of the State of Texas and a charter approved by the voters in 1987 and amended in 2002 and 2010. The government is empowered to levy a property tax on both real and personal property located within its boundaries. The government also has the power by state statute to extend its corporate limits by annexation, which is done periodically when deemed appropriate by the Council.

The City operates under the Council/Manager form of government. Policy-making and legislative authority are vested in the governing council, which consists of a Mayor and a six-member Council. The governing council is responsible for, among other things, passing ordinances, adopting the budget, appointing committees, and hiring the government's manager, attorney and municipal judge. The City Manager is the chief administrative officer. He is responsible for carrying out the policies and ordinances of the council, for overseeing the day-to-day operations of the government, and for appointing the heads of the government's departments. The Council is elected on a non-partisan basis. Council members are elected to three-year staggered terms, with two council members elected every year. The Mayor is elected to three-year terms. The Council members and the Mayor are elected at-large, and are limited to three consecutive elective terms.

Other taxing entities operating within Frisco include school districts, the county and college. Overlapping property tax rates for these taxing entities within the City range from $2.18200 to $2.43696 (see page 148) depending on which County and which school district the property is located.



Financial Reporting

The financial reporting entity (the government) includes all the funds of the primary government. Services that are provided have proven to be necessary and meaningful and are those that the City can provide at the least cost. The government provides a full range of services including police and fire protection; emergency ambulance service; environmental health; sanitation services; community development; building inspections; traffic control; parks and libraries; the construction and operation of water, sewer, drainage, streets and infrastructure; convention and tourism activities, and cultural events. Additionally, general administrative services are provided by the City.

Discretely presented component units are legally separate entities and not part of the primary government's operations. Accordingly, the Frisco Economic Development Corporation, the Frisco Community Development Corporation and the City of Frisco Charitable Foundation are included in the financial statements as discretely presented component units.

The Council is required to adopt a final budget by no later than the close of the fiscal year. The annual budget serves as the foundation for the City's financial planning and control. All departments are required to submit requests for appropriation to the City Manager's office on or before June 15 each year. These requests are used to develop a proposed budget. The proposed budget is then presented to the City Council for review on or before August 15. The City Council is required to hold public hearings and to adopt a final budget no later than September 30, the close of the City of Frisco's fiscal year. The budget is prepared by fund, function (e.g., public safety), department (e.g., police), division (e.g., patrol), and object (e.g., expense). Transfer of appropriations within a department may be made with approval of the Department Head. Transfers within funds may be made with approval of the City Manager. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted.

Financial reports are produced showing budget and actual expenditures by line item, and are available electronically monthly for City department and division managers review. Finance staff analyze for budgetary compliance by line item. Personnel expenditures are monitored and controlled at a position control level and capital expenditures are monitored and controlled by project. Revenue budgets are reviewed monthly.

Local Economy

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City operates.

Data from the U.S. Census Bureau's 2014 and 2015 American Community Survey shows Frisco's median household income of $123,055 is considerably higher than $61,644 for Dallas-Fort Worth-Arlington MSA and $55,653 for Texas. Also, according to the survey, Frisco's residents are well-educated with 58.9% of adults age 25 or older having a bachelor's degree or higher level of education, compared to 32% for the Dallas MSA and 26.7% for Texas. The unemployment rate is 3.9% and the City Workforce estimate is 78,857. Approximately 60% of the workforce is in management, science or business fields, with 24% being sales and office and 9% attributed to the service industry.

Frisco is home to a diversified group of companies. The Frisco Economic Development Corporation (FEDC) continues implementing concepts identified in the Comprehensive Economic Development Strategy adopted in 2010. That strategy is undergoing a refresh and a new Comprehensive Economic Development Strategy will be adopted in 2017. The areas of industry focus are: Computers & Electronics, Medical Services, Telecommunications, Financial Services, Software & Media, Entertainment & Recreation and Renewable Energy. Also included in the strategy are four major focus goals for the FEDC:

(1) Attract jobs and corporate relocation from outside the North Texas region;
(2) Retain & expand local businesses;
(3) Enhance Frisco's innovation culture through entrepreneurship;
(4) Improve product readiness & competitiveness.

With this strategy, the FEDC facilitated 18 new projects during FY 2016, potentially filling or adding more than 11.9 million square feet, with a potential capital investment exceeding $2.1 billion and potentially creating/retaining more than 16,000 jobs.

The chart below summarizes the projects and impact for the four quarters of FY 2016.

Summary of FEDC Projects FY16

Quarter	Number of Projects	Potential Square Feet	Potential Capital Investment	Potential Direct Jobs Created/Retained
Q1	3	10,352,900	$ 1,702,850,000	14,976
Q2	3	309,500	110,435,000	247
Q3	5	379,327	100,700,000	420
Q4	7	931,800	216,155,000	450
Total	18	11,973,527	$2,130,140,000	16,093

Five companies relocated a corporate headquarters or regional headquarters operation to Frisco during 2016: Jamba Juice, Preferred Medical Imaging, Inc., Schneider Optical Machines, CalAtlantic Homes of Texas, and FM Global. Several existing companies also announced expansions of Frisco office space: Randstad Technologies, Professional Futsal League, LLC, and Valify Inc.

FEDC also facilitated new development during the year. HALL Group, broke ground on building 17 in HALL Park, a 162-acre office campus. The 12-story, speculative, Class A Office building offering 300,000 square feet of new office space is expected to open in late 2017. Texas Scottish Rite Hospital for Children broke ground on its North Campus located on 40 acres in Frisco. The 300,000 square foot ambulatory care center will include a conference center and 30 acres of parks & sports fields. The facility is expected to open in 2018.

The Frisco EDC announced plans for a new business park to help meet the demand for tech and flex office space, and to offer an option for companies looking to own and occupy their own buildings. Frisco Park 25's site plan is designed to be a high-end commercial development that includes 14 lots on 216 acres zoned for industrial and commercial use. Building uses in Frisco Park 25 will range from corporate and regional headquarters to light manufacturing, showroom, warehouse and distribution operations.

In 2016, the Dallas Cowboys moved into their world corporate headquarters building at The Star. Twenty acres of the development, called The Ford Center at The Star, opened in August 2016, and was developed through a public-private partnership. The city-owned, 12,000-seat indoor event center also serves as a training facility for the Dallas Cowboys and high school football stadium for Frisco ISD. Construction at The Star is also underway for a 300-room Omni Hotel, the nine-story Baylor Scott & White Sports Therapy & Research Center and retail development that includes more than a dozen restaurants.

The development partners of Frisco Station broke ground on a seven-story, speculative, class A office building offering 228,000 square feet of new office space. Construction is expected to be complete in late 2017. An innovative, four-brand, 600-room lifestyle hotel campus and multi-family, urban living development called 'Station House' were announced in 2016.

Our housing development continues to be robust with more than 2,100 new single family permits issued in 2016. The single family lots in the pipeline or approval process at December 31, 2016, total 7,214 with 44.7 % in Denton County and 55.3% of the lot inventory in Collin County. The multi-family and urban living mixed used projects in the pipeline total 6,805 units at December 31, 2016, with over 4,439 units under construction.

Frisco continues to be a destination location with venues and attractions that generate significant economic benefits to Frisco retailers, restaurants and hotels. On January 7, 2017, Frisco welcomed back the NCAA Division I Football Championship Game (FCS) at Toyota Stadium hosted by the Southland Conference, Hunt Sports Group and the City of Frisco. Toyota Stadium was also the location of a new, two-day country music festival called Off the Rails. The two-day event returns to Toyota Stadium in April 2017.

Frisco ISD, a public school district in Texas which serves the Frisco residents, continues to build new school facilities to accommodate growth, and opened four new campuses for the school year 2016-2017. There are 68 schools currently, including 40 elementary, 16 middle schools, 9 high schools and 3 special program centers. Frisco ISD's student enrollment as of October 28, 2016 was 55,924 students, with about 47.5% of those students being elementary age. School enrollment is projected to reach 66,000 students by 2021.

Looking forward, the City anticipates continued development interest and investment as our business attraction and retention efforts, as well as our schools, public safety, infrastructure and parks systems make Frisco one of the best places to relocate to grow a business and raise a family.

Long-Term Financial Planning – Capital Improvement Program

The City has a five-year financial plan including staffing requirements and a five-year capital improvement plan. We monitor our assessed property values, sales tax collections, and building permit starts, and encourage and provide incentives for new and updated opportunities to sustain our City's financial economy. In May 2015, Frisco residents approved a $267,825,000 bond package to continue the Capital Improvement Program (CIP).

Major capital improvement projects under design or currently under construction include:

Street and Utility projects: 4th Army Memorial, Custer Road (FM 2478), Dallas Parkway, Main Street (FM423 to DNT), Preston Road Intersection Improvements, Rockhill Road (CR26 to Dallas Parkway), Roundabout at Warren Parkway and Ohio Drive, Teel Parkway, Traffic Signal Installations and Arterial Street Light improvements;

Facilities projects: City Hall/Library/Court Expansion, Fleet Center Facility, Senior Center, Police Headquarters Parking Facility, Fire Equipment and Facilities;

Parks projects: Grand Park, various Trails that will connect schools to neighborhood parks and roadways, Cottonwood Creek Linear Park, Northeast Community Park, Plum Creek Park, Wranglers Range Park, and a partnership with FISD to install turf in various locations;

Stormwater projects: Creek Master Plans and Cottonwood Branch Utility;

Water & Sewer Utility projects: Dallas Parkway Waterline, Stonebrook/FM 423 Elevated Storage Tank, West Rowlett Creek Wastewater Main, Lebanon Wastewater Lift Station and Lone Star Lift Station Expansion.

Detailed information including an extensive project listing for current and planned projects can be found in the Annual Budget FY 2017 document beginning on page 309.

The City Council formed a Finance & Audit Committee in 2003 which meets on an as-needed basis to discuss financial and budgetary information for long-term planning, financial policies, fund balance reserve requirements and tax rate setting information.

Frisco continues a contracted service to provide internal control monitoring to provide a reasonable assurance of proper recording of financial transactions. We have developed a model which allows staff to evaluate risks and action plans for internal controls.

The City has recognized the long-term financial implications of its pension and retiree health benefits. Regarding pensions, we have adopted funding as proposed by the Texas Municipal Retirement System to ensure the long-term sustainability of the plan. For retiree health care, we provide an optional retirement health plan, fully funded by the retirees to meet their health care insurance coverage needs. We review plan designs on an annual basis to provide a sustainable benefit to our employees without shifting costs to future taxpayers and to comply with new federal laws and regulations.

Relevant Financial Policies

The City has adopted financial policies that set forth the basic framework for the fiscal management of the City. These policies are developed within the parameters established by applicable provisions of the Texas Local Government Code and the City Charter. The policies are reviewed on an annual basis and modified to accommodate changing circumstances or conditions.

None of the City's financial policies had a significant impact on the current period's financial statements, as the City was able to maintain reserve levels within the stated policies for the governmental funds. Constant review of revenue and expenditure trends and reserve levels is maintained with specific responsibility assigned to the Director of Financial Services.

Major Initiatives

The FY 2017 Approved Budget funding will allow us to continue implementing Council's strategies and priorities as adopted during 2016. As we developed the funding plan for FY17, special considerations were given to the growth which impacts operations and the special projects that we continue to manage. Our estimated population growth for FY17 is 4.8% or basically the same as FY16. Construction of residential, multi-family and mixed used developments, as well as our commercial corridor growth is unprecedented. Economic development projects continue to benefit the City with companies relocating or expanding in Frisco and providing new employment opportunities as discussed earlier in this letter. The design and development of the Hwy 380 Corridor continues as construction is underway on the roadway expansion and staff continues to meet with prospective developers for this area. Development Services staff have formed a citizen committee to review neighborhood design strategies as the City continues to build out.

Our efforts with State and Federal regulatory agencies concerning several major projects, including the Exide Battery Plant Closure and the Brazos Electric Bury the Lines on Main Street, continue with successful progress. The Grand Park design continues to be a major focus area for us, with funding approved to begin construction once all of the regulatory issues involving clean-up of Stewart Creek and permitting with the Army Corps of Engineers are resolved.

We continue addressing service demand with a total of 71 FTE in additional positions approved for FY 17, bringing our total personnel count to 1,501. Funding of $2.9 million, for an average 3% merit for civilian employees or one step increase for public safety personnel was approved along with $1.9 million for staffing market changes recommended by a Classification and Compensation Study completed during FY 16. Expenditures for capital outlay to replace equipment and police vehicles, as well as funds for several software and hardware replacements, library material acquisitions and the various new programs were included in the funding.

The City's Financial Services Department continued a Council directive for *Transparency in Government*. The monthly financial report which provides internal and external users with general awareness of the City's financial position and economic activity is published online. This report is presented to the City Council, usually the second meeting of the month. Also available on the website are City check registers, investment reports, historical budget and financial documents.

Awards and Acknowledgements

The Government Finance Officers Association (GFOA) of the United States and Canada awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Frisco for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended September 30, 2015. This was the sixteenth year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government unit had to publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report could not have been accomplished without the dedicated services of the entire staff of the Financial Services Department and our independent auditors. We would like to express our appreciation to staff of the other City departments who assisted and contributed to the preparation and publication of this report in any way. Special thanks are extended to members of the City Council and City Manager's Office for their leadership and support of professionalism and sound fiscal management.

Respectfully submitted,

Danny Collier

Danny Collier, CPA
Assistant Director of Finance

Anita Cothran

Anita Cothran, CGFO
Director of Finance

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Frisco

Texas

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2015

Executive Director/CEO

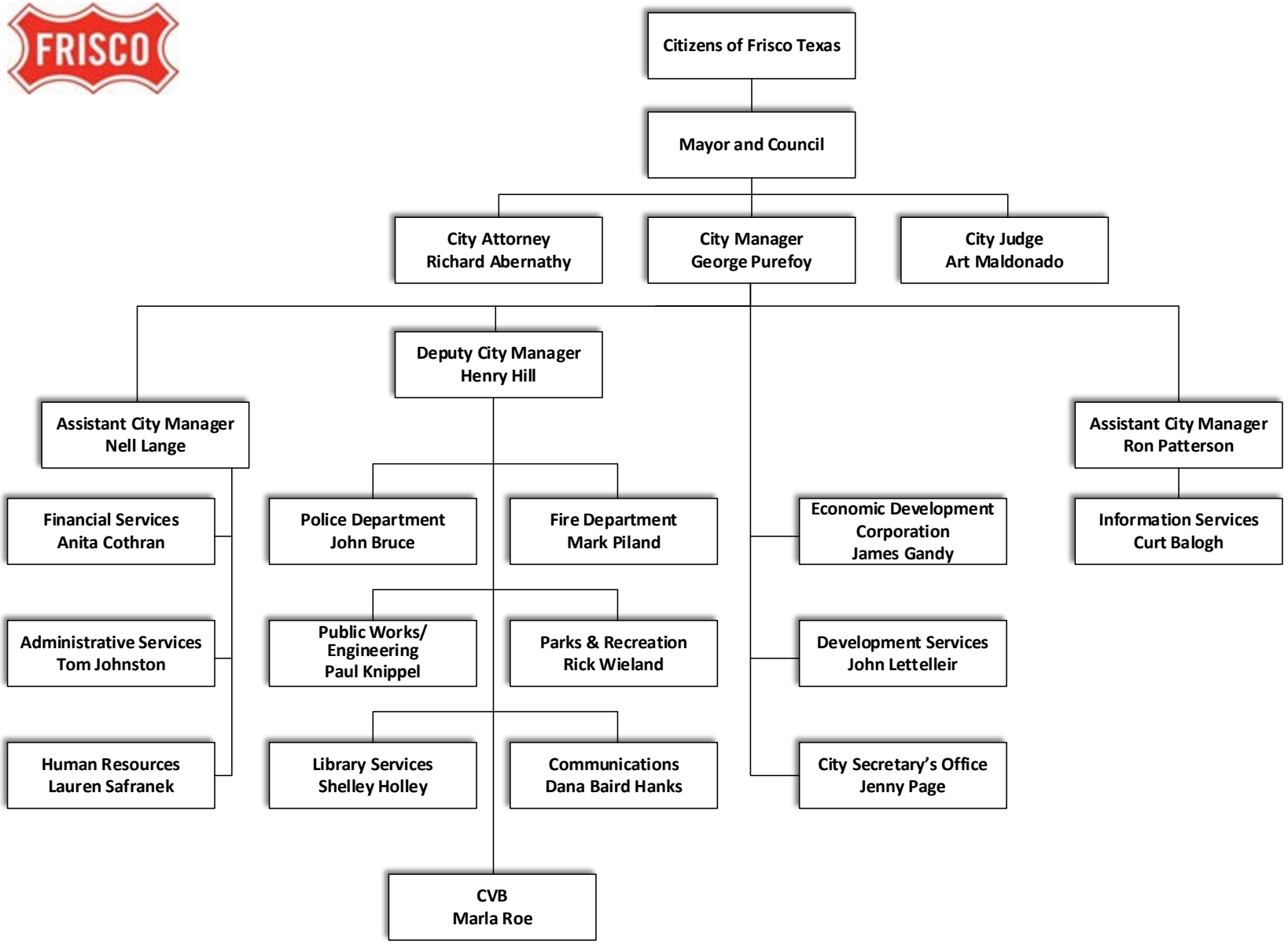
Elected Officials and Administrative Officers
September 30, 2016

Council Members

Mayor	Maher Maso
Councilmember, Place 1	Bob Allen
Councilmember, Place 2	Shona Huffman
Mayor Pro-tem, Place 3	Will Sowell
Councilmember, Place 4	Bill Woodard
Deputy Mayor Pro-tem, Place 5	Tim Nelson
Councilmember, Place 6	Scott Johnson

Administrative Officers

City Manager	George Purefoy
Deputy City Manager	Henry Hill
Assistant City Manager	Ron Patterson
Assistant City Manager	Nell Lange
City Attorney	Richard Abernathy
City Judge	Art Maldonado
City Secretary	Jenny Page
Director of Communications	Dana Baird-Hanks
Director of Financial Services	Anita Cothran
Fire Chief	Mark Piland
Police Chief	John Bruce
Director of Public Works/Engineering	Paul Knippel
Director of Human Resources	Lauren Safranek
Director of Administrative Services	Tom Johnston
Director of IT Services	Curt Balogh
Director of Library Services	Shelly Holley
Director of Parks & Recreation	Rick Wieland
Director of Development Services	John Lettelleir
Economic Development President	James Gandy
CVB Executive Director	Marla Roe



October 1, 2016

FRISCO
PROGRESS IN MOTION

FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and
Members of City Council
City of Frisco, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of Frisco, Texas (the City) as of and for the year ended September 30, 2016, and the related notes to basic financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

The City's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund and TIRZ #1 Fund, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis; Schedule of Changes in Net Pension Liability and Related Ratios and Schedule of Contributions; and the notes to the required supplementary information on pages 19 through 30 and 97 through 98 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual fund statements and schedules and other information such as the introductory section and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund statements and schedules, as listed in the table of contents, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 6, 2017, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Weaver and Tidwell LLP

WEAVER AND TIDWELL, L.L.P.

Dallas, Texas
March 6, 2017

FRISCO
PROGRESS IN MOTION

MANAGEMENT'S DISCUSSION AND ANALYSIS

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CITY OF FRISCO, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2016

As management of the City of Frisco, (the City), we offer this narrative overview and analysis of the financial activities and financial position of the City for the fiscal year ended September 30, 2016. In the broadest context, the financial well being of a government lies in the underlying wealth and willingness of its citizens and property owners to pay adequate taxes combined with the vision of the government's elected and appointed leadership to spend those taxes strategically so the City's tax base, service levels, City assets and the City's desirability will be maintained; not just for the current year, but well into the future.

Financial reporting is limited in its ability to provide this "big picture", but rather focuses on financial position and changes in said financial position. In other words, are revenues and or expenses/expenditures higher or lower than the previous year? Has net position (containing both short and long term assets and liabilities) or fund balances (the current "spendable" assets less current liabilities) of the government been maintained? We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal (pages 1 - 8 of this report) and the statistical section (pages 135-164), as well as information on the City Council's Strategic Goals, the Annual Budget and other community information found on the City's website at www.friscotexas.gov.

It should be noted that the Independent Auditor's Report describes the auditor's association with the various sections of this report and that all the additional information from the website and other City sources is unaudited and has not been updated for events that may have occurred subsequent to the issuance of the respective report.

FINANCIAL HIGHLIGHTS

- The assets of the City of Frisco exceeded its liabilities at the close of the most recent fiscal year by $1,484,234,615 (net position). The majority of the City's assets are invested in capital assets or restricted for specific purposes. The remaining $91,117,333 is unrestricted and may be used to meet the government's ongoing obligations to citizens and creditors in accordance with the City's fund designation and fiscal policies.
- The City's net position for governmental activities increased by $186,252,312 as a result of this year's operations. Net position of the City's business-type activities increased as a result of this year's operations by $33,838,808.
- As of the close of the current fiscal year, the City of Frisco's governmental funds reported a combined ending fund balance of $308,159,395. Approximately 17 percent of this total is available for spending at the City's discretion (unassigned).
- At the end of the current fiscal year, unassigned fund balance for the general fund was $52,310,008 or 41 percent of total general fund expenditures.
- The City of Frisco's total debt increased by $50,184,687, 6.6 percent during the current fiscal year. The key factors in this change were the new bond issues during the year.

- The ad valorem rate for the City was $.46 for fiscal year 2016. This tax rate supports debt service, operations and maintenance, and bond programs to construct infrastructure and city facilities.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City of Frisco's basic financial statements. The City of Frisco's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains required and other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the City of Frisco finances, in a manner similar to a private-sector business.

The government-wide financial statements are prepared utilizing the economic resources measurement focus and the accrual basis of accounting. The *statement of net position* presents information on all of the City of Frisco's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City of Frisco is improving or deteriorating. Other non-financial factors should also be taken into consideration, such as changes in the City's property tax base and the condition of the City's infrastructure (i.e. roads, drainage improvements, storm and sewer lines, etc.), to assess the overall health or financial condition of the City.

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All of the revenues and expenses are taken into account as soon as the underlying event giving rise to the item occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes, pension contributions and earned but unused vacation leave).

In the statement of net position and the statement of activities, the City is divided into three kinds of activities:

- Governmental activities – Most of the City's basic services are reported here, including police, fire, library, planning and development, traffic engineering, parks and recreation, public works, information technology services, finance, human resources and general administration. Property taxes, sales taxes, franchise taxes, charges for services and intergovernmental revenue finance most of these activities.
- Business-type activities – Includes services for which the City charges a fee to customers to cover all or most of the cost of providing such services. The City's water and sewer system operations, stormwater operations and environmental services are reported as business-type activities.
- Component units – The City includes three separate legal entities in its report – the Frisco Economic Development Corporation, the Frisco Community Development Corporation and

the City of Frisco Charitable Foundation. Although legally separate, these "component units" are included because the City is financially accountable for them.

Reporting the City's Most Significant Funds

Fund financial statements. The fund financial statements provide detailed information about the most significant funds – not the City as a whole. Some funds are required to be established by state law and by bond covenants. However, the City Council establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other monies. The City's two kinds of funds – governmental and proprietary – utilize different accounting approaches.

- Governmental funds – The majority of the City's basic services are reported in governmental funds, which focus on how money flows into and out of the funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method identified as the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. By comparing information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements, readers may better understand the long-term impact of the government's near-term financing decisions. The relationships or differences between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds is detailed in a reconciliation following each of the governmental fund financial statements.

  The City of Frisco maintains sixteen individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the general fund, tax increment refinancing zone fund (TIRZ), capital projects fund, and the debt service fund all of which are considered to be major funds. Data from the other twelve governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements starting on page 103 of this report.

- Proprietary funds – The City charges customers directly for certain services it provides. These services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. In fact, the City's enterprise funds (a component of proprietary funds) are identical to the business-type activities that are reported in the government-wide statements, but enterprise fund financial statements provide more detail and additional information, such as cash flows.

  The City of Frisco maintains three individual enterprise funds. The City uses enterprise funds to account for its water and sewer, storm drainage and environmental services activities. Only the water and sewer fund is considered to be a major fund of the City.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other information. In addition to the basic financial statements and accompanying notes, this report presents certain required supplementary information concerning the City's progress in funding its obligation to provide pension benefits to the employees.

THE CITY AS A WHOLE – GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position and assets by category may serve over time as a useful indicator of the government's financial position. In the case of the City of Frisco, assets exceeded liabilities by $1,484,234,615 as of September 30, 2016.

By far the largest portion of the City's net position (88 percent) reflects its investment in capital assets (e.g., land, infrastructure, buildings, machinery, and equipment); less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, the assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

City of Frisco Net Position
September 30, 2016

	Governmental Activities		Business-type Activities		Total Primary Government	
	2016	2015	2016	2015	2016	2015
Current and other assets	$ 422,286,761	$ 464,668,805	$ 141,531,591	$ 123,909,062	$ 563,818,352	$ 588,577,867
Capital assets	1,489,632,290	1,313,090,983	344,208,334	315,560,610	1,833,840,624	1,628,651,593
Total assets	1,911,919,051	1,777,759,788	485,739,925	439,469,672	2,397,658,976	2,217,229,460
Deferred outflow of resources	29,344,296	20,781,754	6,792,836	6,145,241	36,137,132	26,926,995
Long term liabilities	650,850,027	607,728,398	142,422,982	133,723,628	793,273,009	741,452,026
Other liabilities	130,731,147	218,501,984	22,924,083	18,730,846	153,655,230	237,232,830
Total liabilities	781,581,174	826,230,382	165,347,065	152,454,474	946,928,239	978,684,856
Deferred inflow of resources	2,257,074	1,138,373	376,180	189,731	2,633,254	1,328,104
Net investment in capital assets	1,051,389,064	886,959,457	249,009,918	222,392,769	1,300,398,982	1,109,352,226
Restricted	62,763,394	54,319,922	29,954,906	26,256,457	92,718,300	80,576,379
Unrestricted	43,272,641	29,893,408	47,844,692	44,321,482	91,117,333	74,214,890
Total net position	$ 1,157,425,099	$ 971,172,787	$ 326,809,516	$ 292,970,708	$ 1,484,234,615	$ 1,264,143,495

An additional portion of the City's net position (6 percent) represents resources that are subject to external restrictions on how they may be used, including bond covenants. The remaining balance of unrestricted net position $91,117,333 may be used to meet the government's ongoing obligations to citizens and creditors in accordance with the City's fund designation and fiscal policies.

As of September 30, 2016, the City is able to report positive balances in all three categories, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal years.

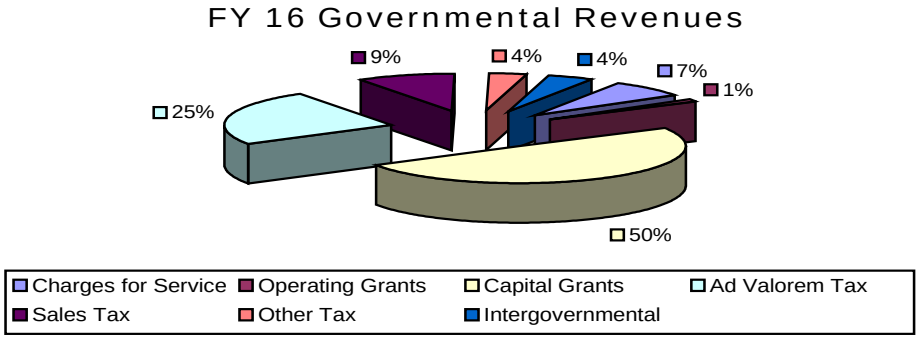
Analysis of the City's Operations – Overall the City had an increase in net position of $220,091,120.

Governmental activities: Governmental activities increased the total net position by $186,252,312 or 85% of the total growth. Net investment in capital assets increased by $164,429,607 due to increases in capital investment (or projects completed during the year), net of increases in debt service. Unrestricted net position increased by $13,379,233 due to an increase in program revenues. Restricted net position increased by $8,443,472, primarily due to increases in capital projects and restricted fees to fund the projects.

Total revenues for governmental activities increased when compared to the prior year by $75,441,358. General revenue had a net decrease of $4,130,880, while program revenues had an increase of $79,572,238. These were primarily due to the following factors:

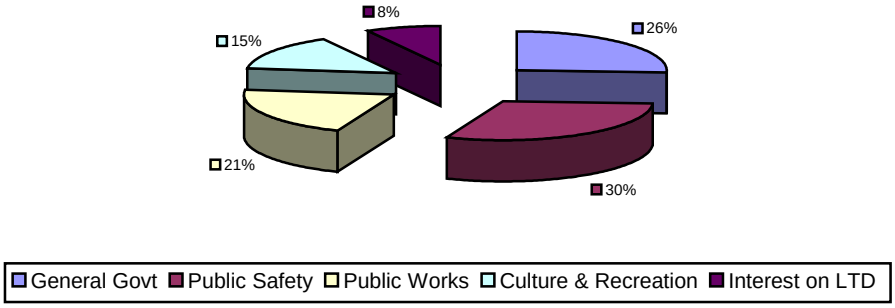
General revenues: Property tax revenue includes an increase of $12.3 million and is due to a combination of the increased value in existing property and the value generated by new improvements and annexations. Sales taxes increased $1.8 million due to an increase in retail sales for the entire year. Franchise taxes and other taxes also increased. Intergovernmental revenues decreased $19.5 million due to decreases in contributions from the component units for projects within the City.

Program revenues: Charges for services increased during the year due to higher collections for various fees including recreational fees and building permits. Grants and contributions increased this fiscal year. Significant increases were seen in capital contributions due in part to the contributions recognized for several major capital projects.



Total expenses for governmental activities increased $21.5 million or 11 percent. This increase is attributed to increases to provide services to the growing population base. General government expenses include a payment of $13.2 million to Frisco Independent School District as part of the agreement with the TIRZ to provide property tax revenue generated in the TIRZ for school district construction expenses. Incurred expenses of $66,878,782 were to provide public safety to the citizens of Frisco. These expenses were somewhat offset by the collection of revenues from various sources, including grant income and charges for services. Public works is a significant expense and provides roadway repairs and traffic control/signals for the citizens and expenses of $46,082,286 were incurred. These expenses include depreciation for City infrastructure. Total salaries and benefits for the governmental activities totaled approximately $89.7 million or 41% of the total, while depreciation expense totaled $51.6 million or 23.4%.

FY 16 Governmental Expenses



Business-type activities: Net position from business-type activities increased by $33,838,808 accounting for the remaining total growth. Program revenues of the City's business-type activities were $127,904,356 for the fiscal year. Operating expenses totaled $92,605,715. The increase is affected by several factors, including the following:

The City's water and sewer system recorded charges for services of $79,399,924 and impact fees and contributions of $32,236,293. Revenues showed an increase during the year primarily due to capital contributions. Additionally, the growth of the customer base is also a contributing factor to the increases in revenues. Total operating expenses were $78,892,654. The most significant expenses of the water and sewer fund were $22,950,293 to purchase water, $19,539,628 for the cost of sewage treatment, $13,331,207 for depreciation and $14,248,869 for salaries and benefits.

City of Frisco's Changes in Net Position
For the year ended
September 30, 2016

	Governmental Activities		Business-type Activities		Total Primary Government	
	2016	2015	2016	2015	2016	2015
Revenues						
Program revenues						
Charges for services	$ 30,090,277	$ 28,725,444	$ 95,602,598	$ 85,179,348	$ 125,692,875	$ 113,904,792
Operating grants and contributions	4,944,360	3,236,153	67,965	41,366	5,012,325	3,277,519
Capital grants and contributions	199,150,396	122,651,198	32,233,793	29,793,281	231,384,189	152,444,479
Total program revenues	234,185,033	154,612,795	127,904,356	115,013,995	362,089,389	269,626,790
General revenues						
Ad valorem tax	97,716,101	85,412,246	-	-	97,716,101	85,412,246
Sales tax	37,826,251	36,003,036	-	-	37,826,251	36,003,036
Franchise tax	9,366,054	9,338,941	-	-	9,366,054	9,338,941
Other tax	5,278,619	5,019,906	-	-	5,278,619	5,019,906
Intergovernmental	18,109,962	37,600,247	446,978	105,040	18,556,940	37,705,287
Investment earnings	1,805,611	859,102	451,606	267,813	2,257,217	1,126,915
Total general revenues	170,102,598	174,233,478	898,584	372,853	171,001,182	174,606,331
Total revenues	404,287,631	328,846,273	128,802,940	115,386,848	533,090,571	444,233,121
Expenses						
General government	56,719,612	53,318,813	-	-	56,719,612	53,318,813
Public safety	66,878,782	57,906,328	-	-	66,878,782	57,906,328
Public works	46,082,286	39,730,064	-	-	46,082,286	39,730,064
Culture and recreation	33,135,218	29,483,819	-	-	33,135,218	29,483,819
Interest	17,577,838	18,443,803	-	-	17,577,838	18,443,803
Water and sewer	-	-	78,892,654	66,188,799	78,892,654	66,188,799
Other enterprise funds	-	-	13,713,061	12,337,646	13,713,061	12,337,646
Total expenses	220,393,736	198,882,827	92,605,715	78,526,445	312,999,451	277,409,272
Increase in net position before transfers	183,893,895	129,963,446	36,197,225	36,860,403	220,091,120	166,823,849
Transfers	2,358,417	306,393	(2,358,417)	(306,393)	-	-
Increase in net position	186,252,312	130,269,839	33,838,808	36,554,010	220,091,120	166,823,849
Net position, October 1	971,172,787	840,902,948	292,970,708	256,416,698	1,264,143,495	1,097,319,646
Net position, September 30	$1,157,425,099	$ 971,172,787	$326,809,516	$292,970,708	$1,484,234,615	$1,264,143,495

THE CITY'S FUNDS

Governmental Funds - The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending in the next fiscal year.

At the close of the City's fiscal year on September 30, 2016, the governmental funds of the City reported a combined fund balance of $308,159,395, an increase of $61,743,811 in comparison with the prior year. Unassigned fund balance, which is available for spending at the government's discretion, constitutes $52,310,008 of this balance. The remainder of fund balance is non-spendable, restricted, committed or assigned. 1) Non-spendable fund balances $1,392,074 includes prepaids and inventories held by the government, 2) Restricted balances

includes bond proceeds restricted for capital projects $172,112,814, reserves to pay debt service $5,175,796, impact fee revenues restricted for capital project funding $52,340,998, TIRZ #1 balances for other purposes $4,094,973, and other special revenues restricted for a specific purpose $4,266,371, 3) Committed funds included commitments made by resolution by the governing body for insurance reserves $5,208,126, workforce housing programs $477,708 and the capital reserve fund $10,780,527.

The general fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the general fund was $52,310,008, while total fund balance reached $69,433,840. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 41% of total general fund expenditures, while total fund balance represents 55% of that same amount. The fund balance of the City's general fund increased $9,444,480 during the current fiscal year attributed mainly to increases in actual revenues collected for sales tax, property tax, permits and recreation fees, while expenditures for most functional areas were less than originally budgeted.

The TIRZ #1 fund has a total fund balance of $4,094,973. This amount is restricted for future projects within the zone.

The capital projects fund has a total fund balance of $172,693,537, $580,723 non-spendable for prepaid expenses and inventories. The fund balance represents unspent bond proceeds and intergovernmental revenue for roads, facilities and parks that has been received but not yet spent or recognized on specific capital projects. The increase in fund balance is due to debt issued during the fiscal year. The only revenue recognized is for interest earnings on bond proceeds and intergovernmental/developer agreements for shared costs projects.

The debt service fund has a total fund balance of $5,175,796, all restricted for retirement of City debt. During the year, the City refinanced a portion of the City debt, resulting in a savings over time for this fund.

Proprietary Funds – The City of Frisco's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted Net position of the enterprise funds at September 30, 2016 totaled $47,844,692. Other factors concerning the finances of these funds have already been addressed in the discussion of the business-type activities.

General Fund Budgetary Highlights

For FY 2016, the City Council approved a final appropriation in September 2016 with the total amount of the appropriation equaling $134.7 million including transfers out to other city funds**.** Amendments were made to reallocate funds appropriated to more accurately account for estimated revenues and expenditures.

With the budget amendments made during the fiscal year, the actual expenditures on a budgetary basis were $126.3 million compared to the re-estimated (revised) budget amount of $133.3 million. The $7 million variance in total expenditures (excluding transfers out) is attributed to savings in the general fund for operational dollars budgeted but not required or expended by September 30.

The actual (on a budgetary basis excluding transfers in) revenues were $135.4 million as compared to the re-estimated (revised) budget amount of $134.3 million excluding transfers. The $1.1 million variance in total revenues is attributed to increases over projections in permit fees, interest earnings and charges for services collections, with decreases under projections in property tax and franchise tax collections.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets. At the end of the year, the City had $2,504,220,306 invested in a broad range of capital assets, including land, buildings, park facilities, roads, bridges, water & sewer lines, police and fire equipment, and public works operating equipment and machinery. This amount represents a net increase (including additions and deductions) of $268,602,036 over the prior fiscal year. Total accumulated depreciation for September 30, 2016, was $670,379,682 for net capital assets of $1,833,840,624.

Capital Assets for the Year Ended September 30, 2016

	Governmental Activities		Business-type Activities		Total Primary Government	
	2016	2015	2016	2015	2016	2015
Land	$ 243,818,559	$ 239,083,442	$ 10,168,306	$ 10,146,356	$ 253,986,865	$ 249,229,798
Buildings & improvements	351,047,036	344,886,045	10,123,598	10,123,598	361,170,634	355,009,643
Machinery & equipment	60,303,211	55,365,570	8,726,487	7,790,498	69,029,698	63,156,068
Construction in progress	348,136,913	253,890,155	38,459,034	43,528,547	386,595,947	297,418,702
Improvements other than buildings	1,012,608,620	895,902,846	420,828,542	374,901,213	1,433,437,162	1,270,804,059
Total capital assets	2,015,914,339	1,789,128,058	488,305,967	446,490,212	2,504,220,306	2,235,618,270
Less accumulated depreciation	(526,282,049)	(476,037,075)	(144,097,633)	(130,929,601)	(670,379,682)	(606,966,676)
Total	$1,489,632,290	$1,313,090,983	$ 344,208,334	$ 315,560,611	$1,833,840,624	$1,628,651,594

Land purchased included park land along with various right-of-ways for roads and utilities. Improvements other than buildings include park construction projects and the developer contributions for road construction throughout the City, as well as traffic signals and lighting projects. Vehicles, machinery and some equipment were added during the year based on our equipment replacement schedule.

The City's 2017 Capital Project Multi-Year Budget calls for a continuation of the Capital Project Plan. Funding for several major roadway projects, Grand Park and other community parks, fire equipment, facility expansions and new construction and utility system infrastructure are included in the 2017 Plan.

Authorized bonds remain unissued from the 2006 Election and the 2015 Election.

Election May 13, 2006	Voted Bonds	Issued Prior Years	Issued FY 2016	Unissued Balance
Branch Library (Prop 5)	$ 8,000,000	$ -	$ -	$ 8,000,000
Senior Center (Prop 7)	2,500,000	-	-	2,500,000
Community Cultural Arts (Prop 8)	5,000,000	1,000,000	2,000,000	2,000,000
Grand Park (Prop.12)	22,500,000	12,000,000	-	10,500,000
Remaining	**38,000,000**	**13,000,000**	**2,000,000**	**23,000,000**
Election May 9, 2015				
Public Safety (Prop. 1)	41,500,000	9,510,000	8,500,000	23,490,000
Street Improvements (Prop.2)	125,000,000	25,000,000	30,000,000	70,000,000
City Hall Expansion (Prop. 4)	37,000,000	5,000,000	-	32,000,000
Parks, Trails and Rec Facilities (Prop. 6)	32,000,000	-	20,000,000	12,000,000
Grand Park (Prop. 7)	10,000,000	-	-	10,000,000
Community Cultural Arts (Prop 8)	10,000,000	-	-	10,000,000
Remaining	**255,500,000**	**39,510,000**	**58,500,000**	**157,490,000**
Total Authorized/Unissued Bonds	**$293,500,000**	**$52,510,000**	**$ 60,500,000**	**$180,490,000**

Additional information regarding capital assets can be found in Note 6 beginning on page 76 of the CAFR.

Debt administration. At year-end, the City had $809,069,039 in debt outstanding as compared to $758,884,352 at the end of the prior fiscal year, an increase of 6.6 percent – as shown below.

Outstanding Debt, September 30, 2016

	Governmental Activities		Business-type Activities		Total Primary Government	
	2016	2015	2016	2015	2016	2015
General obligation bonds	$468,046,042	$419,158,041	$ 76,173,629	$ 82,020,832	$544,219,671	$501,178,873
Certificates of obligation bonds	192,838,087	199,484,507	72,011,281	58,220,972	264,849,368	257,705,479
Totals	$660,884,129	$618,642,548	$148,184,910	$140,241,804	$809,069,039	$758,884,352

In January 2016, the Frisco Community Development Corporation issued Sales Tax Revenue Bonds Series 2016A, in the amount of $21,690,000 with a net premium of $2,631,154 and Sales Tax Revenue Bonds, Taxable Series 2016B, in the amount of $15,180,000. Proceeds from the sale of the bonds together with certain available funds of the Corporation will be used to construct improvements and renovations to the City's soccer stadium, and construct space to accommodate the Soccer Hall of Fame Facility.

In June 2016, the City issued General Obligation Refunding and Improvement Bonds, Series 2016, in the amount of $120,615,000 with a premium of $21,165,179. Proceeds for the sale of the refunding bonds of $69,005,000 were used to advance refund a portion of the City's outstanding debt. Proceeds from the sale of the Improvement Bonds of $51,610,000 are expected to be used for construction and equipping facilities for a community cultural arts and science center; constructing, improving and equipping public safety facilities; constructing and improving streets and roads, bridges and intersections; and constructing, improving and equipping parks, trails and recreational facilities and constructing and equipping a maintenance and administration building for the Parks Department.

In June 2016, the City issued Combination Tax and Limited Surplus Revenue Certificates of Obligation, Series 2016A, in the amount of $17,065,000 with a premium of $2,222,466. Proceeds from the sale of the Certificates will be used for constructing improvements and extensions to the City's combined Waterworks and Sewer System.

Also, in June 2016, the City issued Combination Tax and Limited Surplus Revenue Certificates of Obligation, Taxable Series 2016B, in the amount of $20,500,000 with a discount of $277,741. Proceeds from the sale of the Certificates will be used for constructing, acquiring and equipping two public parking garages located near the City's special events center.

Additional information regarding the City's outstanding debt can be found in Note 8 beginning on page 79 of the CAFR.

The City's assigned ratings for general obligation bonds and certificates of obligation bonds were as follows:

	Standard & Poor's Corporation	Moody's Investor Services
General Obligation Bonds	AA+	Aa1
Certificates of Obligation Bonds	AA+	Aa1

This rating has been assigned to the City's tax-supported debt. The City is permitted by state law and provisions to levy taxes up to $2.50 per $100 of assessed valuation for general governmental services including the payment of principal and interest on general obligation long-term debt. The current ratio of general obligation debt to assessed value of all taxable property is 2.59%.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The City's elected and appointed officials considered many factors when setting the fiscal year 2017 budget appropriation, tax rates, and fees that will be charged for the business-type activities.

Current economic indicators were taken into account when adopting the general fund budget. The FY 2017 combined budget appropriation totaled $142.7 million. This represents an increase of $8.7 million from the FY 2016 revised budgets, attributed to operating expenses increasing across all City departments.

The general fund's largest revenue source is property tax receipts. Ad valorem tax revenue is determined by two major factors: the total assessed value established by the Central Appraisal District of Collin County and Central Appraisal District of Denton County and the tax rate established by the Frisco City Council. For the new fiscal year, we saw an increase in valuations of 16.77%. We saw gains in new improvements of 5.62%, and a gain on existing property of 11.15%. According to final figures received from the CAD's, the total certified assessed property value for FY 2017 is $24.2 billion. Council approved a tax rate of $0.45 per $100 of valuation a decrease from the FY 2016 tax rate.

As for the City's business-type activities, City projections indicate that the water and sewer fund unassigned net position will be approximately $50.2 million. A fee increase for water sales and sewer services was approved and effective in January 2017. Appropriations are to be used for capital projects in the utility construction projects fund, operating expenses, and bond interest and fiscal charges.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT STAFF

This financial report is designed to provide our residents, taxpayers, customers, investors, and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the City's Finance Department at 6101 Frisco Square Blvd., 4th Floor Finance Office, Frisco, Texas 75034.

BASIC FINANCIAL STATEMENTS

FRISCO
PROGRESS IN MOTION

Statement of Net Position
September 30, 2016

	Primary Government			
	Governmental Activities	Business-Type Activities	Total	Component Units
ASSETS				
Cash and cash equivalents	$ 203,784,875	$ 38,861,364	$ 242,646,239	$ 45,537,422
Cash held for land purchase	-	-	-	42,273,760
Investments	165,443,091	6,939,964	172,383,055	41,004,111
Receivables (net of allowance for uncollectibles)	16,609,471	12,720,517	29,329,988	7,428,590
Inventories	983,755	415,506	1,399,261	-
Prepaids	408,319	63,870	472,189	71,387
Notes receivable	2,945,000	-	2,945,000	-
Restricted assets:				
Cash and cash equivalents	-	42,514,712	42,514,712	4,297,111
Investments	-	40,015,658	40,015,658	3,800,000
Notes receivable - noncurrent	32,112,250	-	32,112,250	2,024,212
Land held for resale	-	-	-	56,287,607
Capital assets:				
Land	243,818,559	10,168,306	253,986,865	69,930,454
Buildings and improvements	351,047,036	10,123,598	361,170,634	20,146,829
Improvements other than buildings	1,012,608,620	420,828,542	1,433,437,162	18,584,658
Machinery and equipment	60,303,211	8,726,487	69,029,698	562,367
Construction in progress	348,136,913	38,459,034	386,595,947	114,273
Accumulated depreciation	(526,282,049)	(144,097,633)	(670,379,682)	(25,044,223)
Total assets	1,911,919,051	485,739,925	2,397,658,976	287,018,558
DEFERRED OUTFLOW OF RESOURCES				
Pension contributions and investment experience	13,466,207	2,244,366	15,710,573	320,625
Deferred charge on bond refunding	15,878,089	4,548,470	20,426,559	1,190,204
Total deferred outflow of resources	29,344,296	6,792,836	36,137,132	1,510,829
LIABILITIES				
Accounts and retainage payable	42,956,423	5,411,225	48,367,648	1,504,025
Accrued liabilities	1,341,361	575,942	1,917,303	72,717
Accrued liabilities - pollution remediation	-	-	-	2,272,050
Accrued interest payable	3,523,169	771,566	4,294,735	806,355
Customer deposits	-	3,417,452	3,417,452	76,118
Unearned revenue	4,303,075	-	4,303,075	62,531
Monies held in escrow	26,413,066	231,986	26,645,052	-
Non-current liabilities:				
Due within one year:				
Compensated absences	5,759,974	919,159	6,679,133	114,368
Notes payable	-	-	-	11,386,959
Bonds payable	46,434,079	11,596,753	58,030,832	4,293,052
Due in more than one year:				
Compensated absences	4,051,462	443,407	4,494,869	54,892
Pension	32,348,515	5,391,418	37,739,933	770,203
Notes payable	-	-	-	80,629,317
Bonds payable	614,450,050	136,588,157	751,038,207	120,569,235
Total liabilities	781,581,174	165,347,065	946,928,239	222,611,822
DEFERRED INFLOW OF RESOURCES				
Pension actuarial experience	2,257,074	376,180	2,633,254	53,738
Total deferred inflow of resources	2,257,074	376,180	2,633,254	53,738
NET POSITION				
Net investment in capital assets	1,051,389,064	249,009,918	1,300,398,982	3,637,431
Restricted for:				
Capital projects	52,340,998	29,954,906	82,295,904	-
Tax increment reinvestment zone	4,094,973	-	4,094,973	-
Other purposes	4,266,371	-	4,266,371	-
Debt service	2,061,052	-	2,061,052	7,290,756
Unrestricted	43,272,641	47,844,692	91,117,333	54,935,640
Total net position	$ 1,157,425,099	$ 326,809,516	$ 1,484,234,615	$ 65,863,827

The notes to the basic financial statements are an integral part of this statement.

Statement of Activities
For the year ended September 30, 2016

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	$ 56,719,612	$ 20,285,841	$ 2,272,485	$ 110,940,157
Public safety	66,878,782	3,829,863	2,005,181	79,674
Public works	46,082,286	117,529	77,783	75,681,553
Culture and recreation	33,135,218	5,857,044	588,911	12,449,012
Interest on long-term debt	17,577,838	-	-	-
Total governmental activities	220,393,736	30,090,277	4,944,360	199,150,396
Business-type activities:				
Water and sewer	78,892,654	79,399,924	2,500	32,233,793
Non-major enterprise funds	13,713,061	16,202,674	65,465	-
Total business-type activities	92,605,715	95,602,598	67,965	32,233,793
Total primary government	$ 312,999,451	$ 125,692,875	$ 5,012,325	$ 231,384,189
Component units:				
Community development	$ 9,509,267	$ 814,649	$ 1,166,669	$ -
Economic development	14,799,396	500,000	251,490	-
Charitable foundation	3,593	-	1,986	-
Total component units	$ 24,312,256	$ 1,314,649	$ 1,420,145	$ -
General revenues:				
Ad valorem tax				
Sales tax				
Franchise tax				
Other taxes				
Ad valorem tax for TIRZ funds, intergovernmental revenues				
Investment earnings				
Transfers				
Total general revenues				
Change in net position				
Net position, beginning				
Net position, ending				

The notes to the basic financial statements are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Position			
Primary Government			
Governmental Activities	Business-Type Activities	Total	Component Units
$ 76,778,871	$ -	$ 76,778,871	
(60,964,064)	-	(60,964,064)	
29,794,579	-	29,794,579	
(14,240,251)	-	(14,240,251)	
(17,577,838)	-	(17,577,838)	
13,791,297	-	13,791,297	
-	32,743,563	32,743,563	
-	2,555,078	2,555,078	
-	35,298,641	35,298,641	
$ 13,791,297	$ 35,298,641	$ 49,089,938	
			$ (7,527,949)
			(14,047,906)
			(1,607)
			$ (21,577,462)
97,716,101	-	97,716,101	-
37,826,251	-	37,826,251	37,826,252
9,366,054	-	9,366,054	-
5,278,619	-	5,278,619	-
18,109,962	446,978	18,556,940	-
1,805,611	451,606	2,257,217	464,883
2,358,417	(2,358,417)	-	-
172,461,015	(1,459,833)	171,001,182	38,291,135
186,252,312	33,838,808	220,091,120	16,713,673
971,172,787	292,970,708	1,264,143,495	49,150,154
$ 1,157,425,099	$ 326,809,516	$ 1,484,234,615	$ 65,863,827

FRISCO
PROGRESS IN MOTION

Balance Sheet
Governmental Funds
September 30, 2016

	General	TIRZ #1	Capital Projects	Debt Service	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	$ 47,164,286	$ 5,937,683	$ 119,965,289	$ 5,165,954	$ 25,551,663	$ 203,784,875
Investments	22,971,219	-	109,671,324	-	32,800,548	165,443,091
Receivables (net of allowances for uncollectibles):						
Property tax	629,210	-	-	418,267	-	1,047,477
Sales tax	6,496,234	-	-	-	-	6,496,234
Franchise tax	4,158,157	-	-	-	97,430	4,255,587
Occupancy tax	-	-	-	-	382,673	382,673
Grants	-	-	-	-	87,949	87,949
Assessments	-	-	-	-	1,613,711	1,613,711
Other	1,401,629	399,224	659,789	-	69,379	2,530,021
Due from other funds	80,348	-	-	-	6,134	86,482
Inventories	403,032	-	580,723	-	-	983,755
Prepaids	254,439	-	-	-	153,880	408,319
Notes receivable	34,250	-	373,000	-	-	407,250
Total assets	$ 83,592,804	$ 6,336,907	$ 231,250,125	$ 5,584,221	$ 60,763,367	$ 387,527,424
LIABILITIES, DEFERRED INFLOWS, FUND BALANCES						
Liabilities:						
Accounts payable	$ 8,234,372	$ -	$ 26,546,514	$ -	$ 405,825	$ 35,186,711
Retainage payable	-	-	7,769,713	-	-	7,769,713
Accrued liabilities	1,280,852	-	11,852	-	48,657	1,341,361
Unearned revenue	719,561	1,965,829	-	-	1,617,685	4,303,075
Monies held in escrow	432,599	276,105	23,854,759	-	1,849,603	26,413,066
Due to other funds	6,134	-	-	-	80,348	86,482
Total liabilities	10,673,518	2,241,934	58,182,838	-	4,002,118	75,100,408
Deferred inflow of resources:						
Unavailable revenue	3,485,446	-	373,750	408,425	-	4,267,621
Fund balances:						
Non spendable	657,471	-	580,723	-	153,880	1,392,074
Restricted for:						
Debt service	-	-	-	5,175,796	-	5,175,796
Capital projects for future construction	-	-	172,112,814	-	52,340,998	224,453,812
Special revenue for future commitments	-	4,094,973	-	-	4,266,371	8,361,344
Committed to:						
Insurance	5,208,126	-	-	-	-	5,208,126
Workforce housing	477,708	-	-	-	-	477,708
Capital projects for future construction	10,780,527	-	-	-	-	10,780,527
Unassigned	52,310,008	-	-	-	-	52,310,008
Total fund balances	69,433,840	4,094,973	172,693,537	5,175,796	56,761,249	308,159,395
Total liabilities, deferred inflow of resources and fund balances	$ 83,592,804	$ 6,336,907	$ 231,250,125	$ 5,584,221	$ 60,763,367	$ 387,527,424

The notes to the basic financial statements are an integral part of this statement.

Reconciliation of the Balance Sheet of the
Governmental Funds to the Statement of Net Position
September 30, 2016

Amounts reported for governmental activities in the statement of position are different because:

Total fund balances per balance sheet	$	308,159,395
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		1,489,632,290
Deferred outflow of resources are not financial resources and, therefore, are not reported in the funds.		29,344,296
Other long-term assets are not available to pay for current-period expenditures, and, therefore, are unavailable in the funds.		4,267,621
Other assets are not available to pay for current-period expenditures, and, therefore, are not included in the funds.		34,845,820
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.		(706,567,249)
Deferred inflow of resources are not financial resources and, therefore, are not reported in the funds.		(2,257,074)
Net position of governmental activities	$	1,157,425,099

The notes to the basic financial statements are an integral part of this statement.

Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended September 30, 2016

	General	TIRZ #1	Capital Projects	Debt Service	Other Governmental Funds	Total Governmental Funds
REVENUES:						
Taxes:						
Property	$ 59,440,263	$ 5,464,343	$ -	$ 32,346,702	$ 31,064	$ 97,282,372
Sales	37,750,335	-	-	-	75,916	37,826,251
Franchise	8,776,388	-	-	-	415,066	9,191,454
Hotel/motel	-	-	-	-	4,486,093	4,486,093
Other	792,526	-	-	-	-	792,526
Licenses and permits	11,679,493	-	-	-	-	11,679,493
Intergovernmental	3,443,292	20,479,551	13,846,304	-	79,015	37,848,162
Charges for services	8,683,305	-	-	-	6,469	8,689,774
Fines	2,123,120	-	-	-	623,956	2,747,076
Special assessments	-	-	-	-	17,068,934	17,068,934
Rents	1,597,365	5,038,809	-	-	-	6,636,174
Investment earnings	588,173	13,701	854,926	38,734	361,599	1,857,133
Contributions, donations and grants	98,703	-	117,462,393	-	1,280,921	118,842,017
Payments from component units	50,000	2,692,731	4,211,532	422,680	-	7,376,943
Miscellaneous	382,408	-	-	-	84,280	466,688
Total revenues	135,405,371	33,689,135	136,375,155	32,808,116	24,513,313	362,791,090
EXPENDITURES:						
Current:						
General government	33,886,816	14,787,399	-	-	341,974	49,016,189
Public safety	59,257,996	-	-	-	855,263	60,113,259
Public works	10,117,253	-	-	-	57,626	10,174,879
Culture and recreation	17,296,258	-	-	-	3,427,619	20,723,877
Capital outlay (includes $8,702,255 not capitalized)	5,961,002	-	183,830,746	-	574,864	190,366,612
Debt service:						
Principal retirement	-	-	-	30,565,000	-	30,565,000
Interest and fiscal charges	-	-	635,122	23,995,155	-	24,630,277
Total expenditures	126,519,325	14,787,399	184,465,868	54,560,155	5,257,346	385,590,093
Excess (deficiency) of revenues over (under) expenditures	8,886,046	18,901,736	(48,090,713)	(21,752,039)	19,255,967	(22,799,003)
OTHER FINANCING SOURCES (USES):						
Issuance of debt	-	-	71,832,259	64,242,741	-	136,075,000
Premium on bonds issued	-	-	9,285,707	11,406,219	-	20,691,926
Discount on bonds issued	-	-	-	(277,741)		(277,741)
Payment to refunded debt escrow agent	-	-	-	(74,793,146)	-	(74,793,146)
Proceeds from sale of assets	428,358	-	60,000	-	-	488,358
Transfers in	1,539,080	1,429,018	4,933,223	21,070,963	102,714	29,074,998
Transfers out	(1,409,004)	(19,605,395)	(260,288)	-	(5,441,894)	(26,716,581)
Total other financing sources and uses	558,434	(18,176,377)	85,850,901	21,649,036	(5,339,180)	84,542,814
Net change in fund balances	9,444,480	725,359	37,760,188	(103,003)	13,916,787	61,743,811
Fund balances, beginning	59,989,360	3,369,614	134,933,349	5,278,799	42,844,462	246,415,584
Fund balances, ending	$ 69,433,840	$ 4,094,973	$ 172,693,537	$ 5,175,796	$ 56,761,249	$ 308,159,395

The notes to the basic financial statements are an integral part of this statement.

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities
For the year ended September 30, 2016

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balance - total governmental funds	$	61,743,811
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay and developer's contributions exceeded depreciation in the current period.		176,541,307
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		40,430
The issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		(49,297,179)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		(2,776,057)
Change in net position of governmental activities	$	186,252,312

The notes to the basic financial statements are an integral part of this statement.

General Fund Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended September 30, 2016

	Budgeted Amounts Original	Budgeted Amounts Final	Actual on a GAAP Basis	Adjustments-Budgetary Basis	Actual on a Budgetary Basis	Variance with Final Budget - Positive (Negative)
REVENUES:						
Taxes:						
Property	$ 59,101,848	$ 59,634,856	$ 59,440,263	$ -	$ 59,440,263	$ (194,593)
Sales	38,737,453	37,737,453	37,750,335	-	37,750,335	12,882
Franchise	9,159,030	9,259,030	8,776,388	-	8,776,388	(482,642)
Other	635,662	735,662	792,526	-	792,526	56,864
Licenses and permits	7,704,019	10,991,427	11,679,493	-	11,679,493	688,066
Intergovernmental	1,267,980	3,254,292	3,443,292	-	3,443,292	189,000
Charges for services	7,504,518	8,132,918	8,683,305	-	8,683,305	550,387
Fines	2,576,322	2,276,322	2,123,120	-	2,123,120	(153,202)
Rents	1,184,780	1,481,109	1,597,365	-	1,597,365	116,256
Investment earnings	91,158	376,233	588,173	-	588,173	211,940
Contributions, donations and grants	123,500	74,510	98,703	-	98,703	24,193
Payments from component units	50,000	50,000	50,000	-	50,000	-
Miscellaneous	954,464	326,417	382,408	-	382,408	55,991
Total revenues	129,090,734	134,330,229	135,405,371	-	135,405,371	1,075,142
EXPENDITURES:						
Current:						
General government	37,965,114	37,785,628	33,886,816	(241,765)	33,645,051	4,140,577
Public safety	58,326,348	60,309,266	59,257,996	393,830	59,651,826	657,440
Public works	10,545,571	10,780,019	10,117,253	44,725	10,161,978	618,041
Culture and recreation	17,785,248	18,205,385	17,296,258	195,645	17,491,903	713,482
Capital outlay	4,712,293	6,196,708	5,961,002	(631,832)	5,329,170	867,538
Total expenditures	129,334,574	133,277,006	126,519,325	(239,397)	126,279,928	6,997,078
Excess (deficiency) of revenues over (under) expenditures	(243,840)	1,053,223	8,886,046	239,397	9,125,443	8,072,220
OTHER FINANCING SOURCES (USES):						
Proceeds from sale of assets	-	378,154	428,358	-	428,358	50,204
Transfers in	1,601,670	1,601,670	1,539,080	-	1,539,080	(62,590)
Transfers out	(203,290)	(1,401,290)	(1,409,004)	-	(1,409,004)	(7,714)
Total other financing sources (uses)	1,398,380	578,534	558,434	-	558,434	(20,100)
Net change in fund balances	1,154,540	1,631,757	9,444,480	239,397	9,683,877	8,052,120
Fund balances, October 1	55,038,257	59,989,360	59,989,360	(1,599,080)	58,390,280	(1,599,080)
Fund balances, September 30	$ 56,192,797	$ 61,621,117	$ 69,433,840	$ (1,359,683)	$ 68,074,157	$ 6,453,040

CITY OF FRISCO
Adjustments to Revenues, Expenditures and Other Financing Sources and Uses from GAAP Basis to Budgetary Basis
For the Fiscal Year Ended September 30, 2016

	Net Change in Fund Balances
GAAP basis	$ 9,444,480
Expenditures:	
Increase due to encumbrances from prior year	1,599,080
Decrease due to encumbrances for current year	(1,359,683)
Budgetary basis	$ 9,683,877

The notes to the basic financial statements are an integral part of this statement.

TIRZ Fund Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual For the Fiscal Year Ended September 30, 2016

	Budgeted Amounts Original	Budgeted Amounts Final	Actual on a GAAP Basis	Adjustments-Budgetary Basis	Actual on a Budgetary Basis	Variance with Final Budget - Positive (Negative)
REVENUES:						
Taxes:						
Property	$ 5,484,919	$ 5,464,343	$ 5,464,343	$ -	$ 5,464,343	$ -
Sales	-	-	-	-	-	-
Intergovernmental	20,371,504	20,479,551	20,479,551	-	20,479,551	-
Rents	4,663,197	4,663,197	5,038,809	-	5,038,809	375,612
Investment earnings	2,000	7,851	13,701	-	13,701	5,850
Payments from component units	2,692,731	2,692,731	2,692,731	-	2,692,731	-
Total revenues	33,214,351	33,307,673	33,689,135	-	33,689,135	381,462
EXPENDITURES:						
Current:						
General government	13,500,230	14,360,690	14,787,399	-	14,787,399	(426,709)
Total expenditures	13,500,230	14,360,690	14,787,399	-	14,787,399	(426,709)
Excess of revenues over expenditures	19,714,121	18,946,983	18,901,736	-	18,901,736	(45,247)
OTHER FINANCING SOURCES (USES):						
Transfers in	1,028,711	1,429,018	1,429,018	-	1,429,018	-
Transfers out	(19,815,904)	(20,101,396)	(19,605,395)	-	(19,605,395)	496,001
Total other financing sources (uses)	(18,787,193)	(18,672,378)	(18,176,377)	-	(18,176,377)	496,001
Net change in fund balances	926,928	274,605	725,359	-	725,359	450,754
Fund balances, October 1	3,075,829	3,369,614	3,369,614	-	3,369,614	-
Fund balances, September 30	$ 4,002,757	$ 3,644,219	$ 4,094,973	$ -	$ 4,094,973	$ 450,754

The notes to the basic financial statements are an integral part of this statement.

FRISCO
PROGRESS IN MOTION

Statement of Net Position
Proprietary Funds
September 30, 2016

	Business-type Activities Enterprise Funds		
	Water and Sewer	Other Enterprise Funds	Total
ASSETS			
Current assets:			
Cash and cash equivalents	$ 30,401,767	$ 8,459,597	$ 38,861,364
Investments	4,640,392	2,299,572	6,939,964
Receivables -			
(net of allowance for uncollectibles):			
Utility bills	12,034,498	-	12,034,498
Other	677,665	8,354	686,019
Inventories	415,506	-	415,506
Prepaids	60,685	3,185	63,870
Restricted cash and cash equivalents	42,514,712	-	42,514,712
Restricted investments	40,015,658	-	40,015,658
Total current assets	130,760,883	10,770,708	141,531,591
Noncurrent assets:			
Capital assets:			
Land	10,168,306	-	10,168,306
Buildings and improvements	9,986,356	137,242	10,123,598
Improvements other than buildings	420,736,352	92,190	420,828,542
Machinery and equipment	7,646,068	1,080,419	8,726,487
Construction in progress	38,459,034	-	38,459,034
Accumulated depreciation	(143,344,529)	(753,104)	(144,097,633)
Total capital assets (net of accumulated depreciation)	343,651,587	556,747	344,208,334
Total noncurrent assets	343,651,587	556,747	344,208,334
Total assets	474,412,470	11,327,455	485,739,925
DEFERRED OUTFLOW OF RESOURCES			
Pension contributions and investment experience	1,923,744	320,622	2,244,366
Deferred charge on bond refunding	4,548,470	-	4,548,470
Total deferred outflow of resources	$ 6,472,214	$ 320,622	$ 6,792,836

	Business-type Activities Enterprise Funds		
	Water and Sewer	Other Enterprise Funds	Total
LIABILITIES			
Current liabilities:			
Accounts payable	$ 4,729,775	$ 681,450	$ 5,411,225
Accrued liabilities	488,846	87,096	575,942
Accrued interest payable	771,566	-	771,566
Customer deposits payable	3,417,452	-	3,417,452
Monies held in escrow	-	231,986	231,986
Liability for compensated absences	790,580	128,579	919,159
Bonds payable	11,596,753	-	11,596,753
Current liabilities	21,794,972	1,129,111	22,924,083
Noncurrent liabilities:			
Liability for compensated absences	385,133	58,274	443,407
Pension	4,621,216	770,202	5,391,418
Bonds payable	136,588,157	-	136,588,157
Total noncurrent liabilities	141,594,506	828,476	142,422,982
Total liabilities	163,389,478	1,957,587	165,347,065
DEFERRED INFLOW OF RESOURCES			
Pension actuarial experience	322,440	53,740	376,180
Total deferred inflow of resources	322,440	53,740	376,180
NET POSITION			
Net investment in capital assets	248,453,171	556,747	249,009,918
Restricted for:			
Capital projects	29,954,906	-	29,954,906
Unrestricted	38,764,689	9,080,003	47,844,692
Total net position	$ 317,172,766	$ 9,636,750	$ 326,809,516

The notes to the basic financial statements are an integral part of this statement.

FRISCO
PROGRESS IN MOTION

Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Fiscal Year Ended September 30, 2016

	Business-type Activities Enterprise Funds		
	Water and Sewer	Other Enterprise Funds	Total
OPERATING REVENUES:			
Charges for sales and services:			
Water sales	$ 43,981,118	$ -	$ 43,981,118
Sewer charges	29,057,288	-	29,057,288
Service charges	815,216	-	815,216
Sanitation charges	-	13,254,421	13,254,421
Water and sewer connections	1,373,518	-	1,373,518
Inspection fees	3,495,818	-	3,495,818
Stormwater drainage fees	-	2,905,115	2,905,115
Miscellaneous	572,298	43,138	615,436
Total operating revenues	79,295,256	16,202,674	95,497,930
OPERATING EXPENSES:			
Cost of sales and services	42,489,921	10,650,521	53,140,442
Administration	20,820,202	2,898,061	23,718,263
Depreciation	13,331,207	164,479	13,495,686
Amortization	509,064	-	509,064
Total operating expenses	77,150,394	13,713,061	90,863,455
Operating income	2,144,862	2,489,613	4,634,475
NONOPERATING REVENUES (EXPENSES):			
Interest revenue	430,768	20,838	451,606
Intergovernmental contribution	446,478	500	446,978
Contributions, grants	2,500	65,465	67,965
Gain on sale of equipment	104,668	-	104,668
Interest expense	(1,742,260)	-	(1,742,260)
Total nonoperating revenues (expenses)	(757,846)	86,803	(671,043)
Income (loss) before capital contributions	1,387,016	2,576,416	3,963,432
CAPITAL CONTRIBUTIONS:			
Capital contributions	32,233,793	-	32,233,793
Income before transfers	33,620,809	2,576,416	36,197,225
TRANSFERS:			
Transfers in	263,257	-	263,257
Transfers out	(1,000,000)	(1,621,674)	(2,621,674)
Total transfers	(736,743)	(1,621,674)	(2,358,417)
Change in net position	32,884,066	954,742	33,838,808
Net position, beginning	284,288,700	8,682,008	292,970,708
Net position, ending	$ 317,172,766	$ 9,636,750	$ 326,809,516

The notes to the basic financial statements are an integral part of this statement.

Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended September 30, 2016

	Business-type Activities Enterprise Funds		
	Water and Sewer	Other Enterprise Funds	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	$ 81,030,591	$ 16,465,334	$ 97,495,925
Cash payments to suppliers for goods and services	(43,779,424)	(11,451,342)	(55,230,766)
Cash payments to employees for services	(12,152,829)	(1,908,037)	(14,060,866)
Other receipts	572,298	43,138	615,436
Net cash provided by operating activities	25,670,636	3,149,093	28,819,729
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers received from other funds	263,257	-	263,257
Transfers made to other funds	-	(1,621,674)	(1,621,674)
Contributions	108,600	65,465	174,065
Net cash provided/(used) by noncapital financing activities	371,857	(1,556,209)	(1,184,352)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and construction of capital assets	(16,060,192)	(207,789)	(16,267,981)
Proceeds/(loss) from sale or transfer of equipment	104,668	-	104,668
Principal paid on long-term debt	(9,309,500)	-	(9,309,500)
Interest and fees paid on long-term debt	(5,612,904)	-	(5,612,904)
Bond proceeds net of issuance costs	19,313,494	-	19,313,494
Payment to paying agent for refunded debt issuance	(121,315)	-	(121,315)
Intergovernmental payments for capital construction	(1,000,000)	-	(1,000,000)
Developers contributions	11,648,364	-	11,648,364
Net cash (used) by capital and related financing activities	(1,037,385)	(207,789)	(1,245,174)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of investment securities	(44,656,050)	(2,299,574)	(46,955,624)
Proceeds from sale and maturities of investment securities	34,647,764	2,299,347	36,947,111
Interest on investments	397,798	20,034	417,832
Net cash provided/(used) by investing activities	(9,610,488)	19,807	(9,590,681)
Net increase in cash and cash equivalents	15,394,620	1,404,902	16,799,522
Cash and cash equivalents, October 1	57,521,859	7,054,695	64,576,554
Cash and cash equivalents, September 30	$ 72,916,479	$ 8,459,597	$ 81,376,076
Classified as:			
Current assets	$ 30,401,767	$ 8,459,597	$ 38,861,364
Restricted assets	42,514,712	-	42,514,712
Total	$ 72,916,479	$ 8,459,597	$ 81,376,076

The notes to the basic financial statements are an integral part of this statement.

	Business-type Activities Enterprise Funds		
	Water and Sewer	Other Enterprise Funds	Total
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Operating income	$ 2,144,862	$ 2,489,613	$ 4,634,475
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	13,331,207	164,479	13,495,686
Amortization	509,064	-	509,064
Change in assets and liabilities:			
(Increase) decrease in-			
Receivables - utility bills	1,782,448	-	1,782,448
Receivables - other	6,962,192	113,378	7,075,570
Prepaid expenses and other assets	(6,479)	(1,985)	(8,464)
Inventories	(36,903)	-	(36,903)
Increase (decrease) in-			
Accounts payable	33,940	105,966	139,906
Accrued liabilities	137,227	35,511	172,738
Liability for compensated absences	104,701	19,179	123,880
Net pension liability	183,192	30,532	213,724
Deposits and escrows	525,185	192,420	717,605
Total adjustments	23,525,774	659,480	24,185,254
Net cash provided by operating activities	$ 25,670,636	$ 3,149,093	$ 28,819,729

SCHEDULE OF NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES

During the year, various developers made non-cash contributions of water and sewer infrastructure to the City valued at $21,332,432.

During the year, the City refinanced certificates of obligation and the proceeds of $5,513,253 were used to defease the prior debt.

The notes to the basic financial statements are an integral part of this statement.

FRISCO
PROGRESS IN MOTION

Combining Statement of Net Position
Component Units
September 30, 2016

	Community Development	Economic Development	Charitable Foundation	Total
ASSETS				
Current:				
Cash and cash equivalents	$ 35,252,497	$ 10,269,336	$ 15,589	$ 45,537,422
Cash escrow held for land purchase	16,909,506	25,364,254	-	42,273,760
Investments	29,002,851	12,001,260	-	41,004,111
Receivables -				
Sales tax	3,248,117	3,248,117	-	6,496,234
Other	67,957	864,399	-	932,356
Prepaid expenses	-	71,387	-	71,387
Total current assets	84,480,928	51,818,753	15,589	136,315,270
Non-current:				
Notes receivable	540,000	1,484,212	-	2,024,212
Land held for resale	16,292,514	39,995,093	-	56,287,607
Capital assets:				
Land	52,650,138	17,280,316	-	69,930,454
Buildings and improvements	10,159,742	9,987,087	-	20,146,829
Improvements other than buildings	18,584,658	-	-	18,584,658
Machinery and equipment	34,658	527,709	-	562,367
Construction in progress	114,273	-	-	114,273
Accumulated depreciation	(21,972,341)	(3,071,882)	-	(25,044,223)
Restricted assets:				
Cash and cash equivalents	1,242,040	3,055,071	-	4,297,111
Investments	1,900,000	1,900,000	-	3,800,000
Total non-current assets	79,545,682	71,157,606	-	150,703,288
Total assets	164,026,610	122,976,359	15,589	287,018,558
DEFERRED OUTFLOW OF RESOURCES				
Pension contributions and investment experience	-	320,625	-	320,625
Deferred charge on bond refunding	1,190,204	-	-	1,190,204
Total deferred outflow of resources	1,190,204	320,625	-	1,510,829
LIABILITIES				
Current:				
Accounts payable	390,730	1,113,295	-	1,504,025
Accrued liabilities	8,630	64,087	-	72,717
Accrued liabilities - pollution remediation	908,822	1,363,228	-	2,272,050
Liability for compensated absences	5,557	108,811	-	114,368
Accrued interest payable	499,222	307,133	-	806,355
Deposits	76,118	-	-	76,118
Unearned revenue	62,531	-	-	62,531
Notes payable	3,488,192	7,898,767	-	11,386,959
Bonds payable	1,714,445	2,578,607	-	4,293,052
Total current liabilities	7,154,247	13,433,928	-	20,588,175
Non-current:				
Liability for compensated absences	-	54,892	-	54,892
Pension	-	770,203	-	770,203
Notes payable	47,436,546	33,192,771	-	80,629,317
Bonds payable	66,577,776	53,991,459	-	120,569,235
Total non-current liabilities	114,014,322	88,009,325	-	202,023,647
Total liabilities	121,168,569	101,443,253	-	222,611,822
DEFERRED INFLOW OF RESOURCES				
Pension actuarial experience	-	53,738	-	53,738
Total deferred inflow of resources	-	53,738	-	53,738
NET POSITION				
Net investment in capital assets	11,216,458	(7,579,027)	-	3,637,431
Restricted for debt service reserve	2,642,818	4,647,938	-	7,290,756
Unrestricted	30,188,969	24,731,082	15,589	54,935,640
Total net position	$ 44,048,245	$ 21,799,993	$ 15,589	$ 65,863,827

The notes to the basic financial statements are an integral part of this statement.

Combining Statement of Activities
Component Units
For the fiscal year ended September 30, 2016

Functions/Programs:	Expenses	Program Revenues: Charges for Service	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Component units:				
Community Development	$ 9,509,267	$ 814,649	$ 1,166,669	$ -
Economic Development	14,799,396	500,000	251,490	-
Charitable Foundation	3,593	-	1,986	-
Total component units	$ 24,312,256	$ 1,314,649	$ 1,420,145	$ -
General revenues:				
Sales taxes				
Investment income				
Total general revenues				
Change in net position				
Net position, beginning				
Net position, ending				

The notes to the basic financial statements are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Position Component Units			
Community Development	Economic Development	Charitable Foundation	Total
$ (7,527,949)	$ -	$ -	$ (7,527,949)
-	(14,047,906)	-	(14,047,906)
-	-	(1,607)	(1,607)
$ (7,527,949)	$ (14,047,906)	$ (1,607)	$ (21,577,462)
18,913,126	18,913,126	-	37,826,252
287,039	177,844	-	464,883
19,200,165	19,090,970	-	38,291,135
11,672,216	5,043,064	(1,607)	16,713,673
32,376,029	16,756,929	17,196	49,150,154
$ 44,048,245	$ 21,799,993	$ 15,589	$ 65,863,827

FRISCO
PROGRESS IN MOTION

CITY OF FRISCO, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Frisco, Texas ("City") was originally incorporated in 1908 and chartered on April 4, 1987, and is a municipal corporation incorporated under provisions of H.B. 901 of the Texas Legislature. The City operates under a Council-Manager form of government and provides such services as authorized by its charter to advance the welfare, health, comfort, safety, and convenience of the City and its residents.

The financial statements of the City have been prepared to conform with accounting principles generally accepted in the United States of America (GAAP) as applicable to state and local governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting and reporting policies and practices used by the City are described below.

A. Financial Statement Presentation

The basic financial statements are prepared in conformity with GASB Statement 34, which requires government-wide financial statements to be prepared using the accrual basis of accounting and the economic resources measurement focus. Government-wide financial statements do not provide information by fund, but distinguish between the City's governmental activities, business-type activities and activities of its discretely presented component units on the statement of net position and statement of activities. Significantly, the City's statement of net position includes both non-current assets and non-current liabilities of the City. The government-wide statement of activities reflects depreciation expense on the City's capital assets, including infrastructure.

In addition to the government-wide financial statements, the City has prepared fund financial statements. Governmental fund financial statements use the modified accrual basis of accounting and the current financial resources measurement focus. The proprietary fund type financial statements are prepared using the accrual basis of accounting. Statement No. 34 requires supplementary information in Management's Discussion and Analysis, which includes an analytical overview of the City's financial activities. Also, a budgetary comparison statement is presented that compares the adopted and revised budgets for the general fund and its major special revenue fund (TIRZ1) with actual results.

B. Reporting Entity

The City is governed by an elected mayor and a six-member council. As required by GAAP, these financial statements present the City (the primary government) and the entities for which the City is considered to be financially accountable (component units). Discretely presented component units are reported in a separate column in

the basic financial statements in order to emphasize that they are legally separate from the City.

The Frisco Economic Development Corporation (FEDC) serves all citizens of the City. Although legally separate from the City, the City Council appoints all of the members of its governing board. The FEDC provides marketing and economic development services to the City, and the City provides for custody and investment of FEDC assets, various administrative/personnel/legal services, and the majority of funding for the FEDC budget. The FEDC is presented as a discretely presented component unit.

The Frisco Community Development Corporation (FCDC) serves all citizens of the City. Although legally separate from the City, the City Council appoints all of the members of its governing board. The primary government has the ability to impose its will with the potential for financial benefit to the FCDC. The FCDC benefits the City and its citizens by developing resources to address recreational, cultural arts, senior citizen, and other related community development needs and the City provides for custody and investment of FCDC assets, various administrative services, and the majority of funding for the FCDC budget. The FCDC is presented as a discretely presented component unit.

The City of Frisco Charitable Foundation (CFCF) serves all citizens of the City. Although legally separate from the City, the City Council appoints all of the members of its governing board. The primary government has the ability to impose its will and the potential for financial benefit to the CFCF. The CFCF benefits the City and its citizens by developing resources to address recreational, cultural arts, senior citizen, and other related community development needs. The Foundation was established during fiscal year 2006 and is presented as a discretely presented component unit.

The FEDC, FCDC, and CFCF do not prepare separate financial statements. The financial statements of the City are formatted to allow the user to clearly distinguish between the primary government and it's discretely presented component units.

C. Government-wide and Fund Financial Statements

The basic financial statements include both government-wide (based on the City as a whole) and fund financial statements. The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the primary government and its component units. For the most part, the effect of any interfund activity has been removed from these statements. Interfund services provided and used are eliminated in the process of consolidation. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The government-wide statement of activities demonstrates the degree to which the direct expenses of a functional category (General Government, Public Safety, Public

Works, and Culture/Recreation) are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, 2) grants and contributions that are restricted to meeting the operational requirements of a particular function or segment, and 3) grants and contributions that are restricted to meeting the capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

The net cost (by function or business-type activity) is normally covered by general revenue (property taxes, sales taxes, franchise taxes, intergovernmental revenues, and interest income).

Separate funds-based financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. GASB Statement No. 34 sets forth minimum criteria (percentage of assets, liabilities, revenues or expenditures/expenses of applicable fund category and for the governmental and enterprise combined) for the determination of major funds. The non-major funds are combined in a separate column in the applicable fund financial statements.

D. Measurement Focus and Basis of Accounting

The government-wide financial statements and the proprietary fund statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when the obligation has matured and is due and payable shortly after year end.

GASB Interpretation 6 clarifies the application of modified accrual recognition of certain liabilities and expenditures in the governmental fund financial statements. Specifically, GASB Interpretation 6 indicates that liabilities for debt, compensated

absences, claims and judgments, and special termination benefits are normally expected to be liquidated with expendable available financial resources and should be recognized as governmental fund liabilities and expenditures only to the extent that they mature each period. The most significant accounting and reporting policies of the City are described in the following notes to the financial statements.

Ad valorem, franchise, sales tax revenues and fines and forfeitures recorded in the General Fund and ad valorem tax revenues recorded in the Debt Service Fund and Tax Increment Reinvestment Zone #1 are recognized under the susceptible to accrual concept. Licenses and permits, charges for services, contributions, and miscellaneous revenues are recorded as revenues when received in cash, as the resulting receivable is not measurable and available until cash is received. Investment earnings are recorded as earned since they are measurable and available. In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. Intergovernmental grant revenues are recognized when all eligibility requirements have been met and amounts are considered measurable and available. Funds received in advance for which all eligibility requirements have not been met are considered *unearned revenue*. Funds received for which amounts are not considered measurable and available are considered *deferred inflows of resources*.

Proprietary fund statements of revenues, expenses, and changes in fund net position present increases (e.g., revenues) and decreases (e.g., expenses) in net position. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's Water and Sewer, Environmental Services and Stormwater funds are charges to customers for sales and services. Operating expenses for the proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The City of Frisco does not utilize internal service funds, which traditionally provide service primarily to other funds of the government. Nor does the City of Frisco have fiduciary funds.

The government-wide focus is more on the sustainability of the City as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. The focus of the fund financial statements is on the major individual funds of the governmental and business-type categories. Each presentation provides valuable information that can be analyzed and compared to enhance the usefulness of the information.

The following funds are used by the City of Frisco:

1. Governmental Funds:
   The focus of Governmental Fund measurement (in the Fund Financial Statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the major Governmental Funds of the City:
   a. General Fund accounts for several of the City's primary services (Public Safety, Public Works, Culture & Recreation, General Government) and is the primary operating fund unit of the City.
   b. Tax Increment Reinvestment Zone Fund #1 accounts for revenue sources that are legally held for special purposes within the zone. The revenue sources consist of property tax collections within the zone and lease payments for facilities.
   c. Capital Projects Fund accounts for the acquisition of capital assets or construction of major capital projects not being financed by proprietary funds.
   d. Debt Service Fund accounts for the accumulation of resources and payment of general obligation and certificate of obligation bond principal and interest from governmental resources.
   e. Other Governmental Funds is a summarization of all of the non-major governmental funds.

2. Proprietary Funds:
   The focus of Proprietary Fund measurement is upon determination of operating income, changes in net position, and cash flows, which is similar to private-sector businesses. The following is a description of the major Proprietary Funds of the City:
   a. Water and Sewer Fund accounts for the operation of the City's water and sewer utility. Activities of the Fund include administration, operation and maintenance of the water and sewer system, and billing and collection activities. The Fund also accounts for the accumulation of resources for, and the payment of, long-term debt principal and interest for contractual obligation bonds when due throughout the year. All costs are financed through charges made to utility customers with rates reviewed regularly and adjusted if necessary to ensure integrity of the Fund.
   b. Other Proprietary Funds is a summarization of the non-major proprietary funds including the stormwater drainage program and the environmental services fund.

E. Cash, Cash Equivalents and Investments

Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity date within three months of the date acquired by the government. Cash in all funds, excluding the City's payroll account, lockbox operations, police seizure accounts and Charitable Foundation account, is combined into one bank account in order to maximize investment opportunities. Although individual funds may experience temporary overdraft liabilities, a positive balance is maintained in combined cash.

All investments are recorded at fair value based on market prices. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties.

F. Inventories and Prepaid Items

Inventories of supplies are maintained at the City. These inventories are valued at cost using the first in/first out (FIFO) inventory method. The cost of inventories is recorded as expenditures/expenses when consumed rather than when purchased. Prepaid items are payments made by the City in the current fiscal year to provide services occurring in the subsequent fiscal year. Inventories and prepaid items are recognized as non-spendable in the governmental funds in the fund level financial statements to signify that a portion of fund balance is not available for other subsequent expenditures.

G. Interfund Transactions and Receivables and Payables

Short-term advances between funds are accounted for in the appropriate interfund receivable and payable accounts. All legally authorized transfers are appropriately treated as transfers and are included in the changes in fund balance/net position of both governmental and proprietary funds.

H. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in proprietary fund financial statements.

All purchased capital assets are valued at cost where historical records are available or at an estimated cost where no historical records exist. In the case of the initial capitalization of infrastructure assets (i.e., those reported by governmental activities), the City chose to include all such items regardless of their acquisition date or amount. The City was able to estimate the historical costs of these assets through back trending (i.e., estimating the current replacement costs of the infrastructure to be capitalized and using an appropriate price-level index to deflate the costs to the acquisition year or estimated acquisition year). Contributed assets are recorded at estimated fair value at the time received. The City considers the asset as received when all requirements have been met by the developer including providing the City with affidavits of value. Public domain (infrastructure) assets consisting of roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, and lighting systems have been recorded at estimated historical cost. The City defines capital assets as assets with an initial individual cost of $5,000 or more and an estimated useful life greater than one year. Outlays for capital assets and improvements are capitalized as the projects are constructed.

Capital assets of the primary government, as well as the component units, are depreciated using the straight-line method over the following estimated useful lives:

Buildings	20-25 years
Improvements other than Buildings	15-30 years
Vehicles	3-15 years
Machinery & Equipment	3-20 years

The costs of normal maintenance and repairs that do not materially add to the value of the asset or significantly extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related assets, as applicable.

I. Compensated Absences

The City allows employees to accumulate earned but unused vacation benefits to a maximum of 240 hours. Fire Department personnel have a maximum of 360 hours. Vested or accumulated vacation leave of proprietary funds is recorded as an expense and liability of those funds as the benefits accrue to employees. In accordance with the provisions of GASB Statement No. 16, *Accounting for Compensated Absences*, no liability is recorded for nonvesting accumulating rights. Upon termination, the City pays to employees with over one year of service, up to a maximum of 240 hours of vacation, and up to 240 hours of sick leave. Fire Department personnel are paid up to a maximum of 360 hours for vacation and 360 hours for sick leave. Vacation and sick leave in excess of the 240 (360 for Fire Department personnel) hour maximum is not paid upon termination. All compensated absences are accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured and typically, in prior years the general fund has liquidated the liability.

J. Federal and State Grants

Grants and shared revenues are generally accounted for within the Grants Fund or Community Development Block Grants Funds if funding is for a governmental fund type. Federal grants include several police, fire and transportation related grants which are accounted for within the Grants Fund. Community Development Block Grants are accounted for within that fund. Various state grants are also included in the Grants Fund. Proprietary fund grants are accounted for within the applicable fund.

K. Long-term Debt

General Obligation Bonds and Certificate of Obligation Bonds issued for general government capital projects that are to be repaid from tax revenues of the City are recorded in the government-wide statement of net position. Bond premiums and discounts are amortized over the life of the bonds using the straight-line method in the proprietary fund and the government-wide financial statements. Bond issuance costs are expensed. Bonds payable are reported net of the applicable bond premium or discount. In the governmental fund financial statements, issuance costs, as well as bond premiums and discounts, are recognized when incurred.

Certificate of Obligation Bonds have been issued to fund capital projects of the Proprietary Funds. Such bonds are to be repaid from the net revenues of the applicable Proprietary Fund. Bond premiums and discounts are amortized over the life of the bonds using the straight-line method. Bond issuance costs are expensed.

L. Deferred Inflow and Deferred Outflow of Resources

Deferred inflows of resources are an acquisition of net position by the City that is applicable to a future reporting period. Deferred inflows have a negative effect on net position, similar to liabilities. The City of Frisco reports deferred inflows of resources as the offset account to assets received, but not yet available or earned. Outflows of resources are defined as a consumption of net position by the government that is applicable to a future reporting period. Deferred outflows of resources increase net position, similar to assets. For current refundings and advance refundings resulting in defeasance of debt, the difference between the reacquisition price and the net carrying amount of the old debt that results in a refunding loss, is reported as a deferred outflow of resources. The deferred outflows of resources are recognized as a component of interest expense in a systematic and rational manner over the remaining life of the old debt or the life of the new debt, whichever is shorter. For pensions, deferred outflow of resources are recognized for pension contributions made after the plan year reporting date and for investment experience amortization. Deferred inflows of resources for the pensions are the difference between actuarial experience and actual experience. The City of Frisco deferred outflows of resources and deferred inflows of resources changes for the year are detailed below:

	Balance 9/30/2015	Additions	Deletions	Balance 9/30/2016
Deferred outflows				
Governmental activities	$20,781,754	$17,413,715	$ 8,851,173	$29,344,296
Business-type activities	6,145,241	2,385,005	1,737,410	6,792,836
Component units	1,710,611	302,087	501,869	1,510,829
Total	$28,637,606	$20,100,807	$11,090,452	$37,647,961
Deferred inflows				
Governmental activities	$(1,138,373)	$(1,288,800)	$ 170,099	$(2,257,074)
Business-type activities	(189,731)	(214,800)	28,351	(376,180)
Component units	(27,102)	(30,686)	4,050	(53,738)
Total	$(1,355,206)	$(1,534,286)	$ 202,500	$(2,686,992)

M. Retirement Plans

For purposes of measuring the net pension liability, pension related deferred outflows and inflows of resources, and pension expense, City specific information about its Fiduciary Net Position in the Texas Municipal Retirement System (TMRS) and additions to/deductions from the City's Fiduciary Net Position have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. Information regarding the City's Total Pension Liability is obtained from TMRS through a report prepared for the City by TMRS consulting actuary, Gabriel Roeder Smith & Company, in compliance with Governmental Accounting Standards Board (GASB) Statement No. 68, Accounting and Financial Reporting for Pensions.

N. Fund Equity

In order to comply with the Governmental Accounting Standards Board's (GASB) Statement No. 54, *Fund Balance Reporting and Government Fund Type Definitions*, the fund balance section of the balance sheets of the governmental funds include the following items:

- Nonspendable fund balance include the:
    - Portion of net resources that cannot be spent because of their form,
    - Portion of net resources that cannot be spent because they must be maintained intact.
- Restricted fund balance (externally enforceable limitations on use) include amounts subject to:
    - Limitations imposed by creditors, grantors, contributors, or laws and regulations of other governments
    - Limitations imposed by law through constitutional provision or enabling legislation.
- Committed fund balance (self imposed limitations set in place prior to the end of the period):
    - Limitation imposed at the highest level of decision making (an approved resolution) that requires formal action at the same level to remove. For the City, the City Council is the highest level of decision making and approves any commitments by resolution of the Council, which is considered the most binding constraint for fund balance classification purposes.
- Assigned fund balance consists of amounts where the:
    - Intended use is established by the body designated for that purpose (City Council),
    - Intended use is established by official designated for that purpose. The City Manager, Assistant City Manager and Director of Financial Services are the designated officials set by ordinance.
- Unassigned fund balance is the total fund balance in the general fund in excess of nonspendable, restricted, committed and assigned.

For the classification of governmental fund balances, the City considers an expenditure to be made from the most restrictive first when more than one classification is available. Net position restricted for impact fee collections in the Water and Sewer fund is a reserve required by the fee ordinance.

O. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, deferred outflows of resources, deferred inflows of resources and contingent assets and liabilities as of the balance sheet date and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

P. Restricted Resources

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as required.

Q. Encumbrances

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting—under which purchase orders, contracts, and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation—is utilized in the governmental fund types. Encumbrances outstanding at year-end are reported as assignments of fund balances and do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year.

R. New Accounting Pronouncements

In the current year the City implemented the following GASB pronouncements:

GASB Statement No. 72, *Fair Value Measurement and Application,* addresses accounting and financial reporting issues related to fair value measurements. The definition of *fair value* is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.

GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68,* is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating

additional transparency.

GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments.* The objective of this Statement is to identify—in the context of the current governmental financial reporting environment—the hierarchy of generally accepted accounting principles (GAAP). The "GAAP hierarchy" consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles.

GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*. This Statement addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes.

The GASB has issued the following statements which will be effective in future years as described below. The impact on the City's financial statements of implementation has not yet been determined for the following:

GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* is effective for fiscal years beginning after June 15, 2016. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability.

GASB Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* is effective for fiscal years beginning after June 15, 2017. The objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities.

GASB Statement No. 77, *Tax Abatement Disclosures* is effective for reporting periods beginning after December 15, 2015. This Statement requires disclosure of tax abatement information about (1) a reporting government's own tax abatement agreements and (2) those that are entered into by other governments and that reduce the reporting government's tax revenues.

GASB Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans* is effective for reporting periods beginning after December 15, 2015. The objective of this Statement is to address a practice issue regarding the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions*. This issue is associated with pensions provided through certain multiple-employer defined benefit pension plans and to state or local governmental employers whose employees are provided with such pensions.

NOTE 2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position

The governmental fund balance sheet includes reconciliation between *fund balance – total governmental funds* and *net position – governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains the "long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds." The details of this $706,567,249 difference are as follows:

Bonds and certificates of obligation payable	$614,760,000
Bond discount (to be amortized as interest expense)	(684,162)
Bond premiums (to be amortized over the life of the bonds)	46,808,291
Accrued interest payable	3,523,169
Compensated absences	9,811,436
Net pension liability	32,348,515
Net adjustment to reduce *fund balance – total governmental funds* to arrive at *net position – governmental activities*	$706,567,249

B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes reconciliation between *net changes in fund balances – total governmental funds* and *changes in net position of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains, "Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense." The details of the $176,541,307 difference are as follows:

Capital outlay	$ 181,664,357
Developers' contributions	46,553,660
Book value of capital assets disposed/retired	(100,909)
Depreciation expense	(51,575,801)
Net adjustment to increase *net changes in fund balance – total governmental funds* to arrive at *changes in net position of governmental activities*	$ 176,541,307

Another element of that reconciliation states that "the issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities." The details of this $49,297,179 difference are as follows:

Debt issued or incurred:	
Premium amortization	$ 7,272,515
Discount amortization	(125,411)
Amortization on loss of refunding of debt	(1,829,191)
Bonds issued and refunded	(64,765,907)
Bond premium issued	(20,691,926)
Bond discount issued	277,741
Principal repayments:	
Bonds	30,565,000
Net adjustment to decrease *net changes in fund balances – total governmental funds* to arrive at *changes in net position of governmental activities*	$ (49,297,179)

Another element of that reconciliation states, "Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds." The details of this $2,776,057 difference are as follows:

Increase in accrued interest on bonds	$ (266,421)
Increase in compensated absences	(1,227,296)
Increase in pension expense	(1,282,340)
Net adjustment to decrease *net changes in fund balances – total governmental funds* to arrive at *changes in net position of governmental activities*	$ (2,776,057)

NOTE 3. LEGAL COMPLIANCE – BUDGETS

Budgetary Information

Annual appropriated budgets are legally adopted for the General Fund, Debt Service Fund, Capital Projects Funds, and Special Revenue Funds. The legal level of authority is at the fund level. The annual budget is adopted using the budgetary basis of accounting. The budgetary basis of accounting differs from accounting principals generally accepted in the United States in that encumbrances are recorded as expenditures in the period encumbered and not when incurred. All annual appropriations lapse at fiscal year end. Project length financial plans are adopted for certain Capital Projects Funds. The City follows these procedures in establishing the budgetary data reflected in the financial statements.

1. Prior to August 15, the City Manager submits to the City Council a proposed

operating budget for the fiscal year commencing the following October 1.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to September 30, the budget is legally enacted through the passage of an ordinance.
4. The City Manager is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the City Council.
5. Formal budgetary review is employed as a management control device during the year for the General Fund, Debt Service Fund, and Capital Projects Funds. Supplemental appropriations were made during the fiscal year, during the revised budget process.
6. The budget approved for the discretely presented component units follow similar approval procedures.
7. The budget approved for the Utility Fund follows similar approval procedures, but departs from generally accepted accounting principles by not including depreciation or compensated absence expenses in the approved budget.

NOTE 4. DEPOSITS AND INVESTMENTS

Deposits – State statutes require that all deposits in financial institutions be fully collateralized by U.S. government obligations or obligations of Texas and its agencies that have a market value of not less than the principal amount of the deposits. The City's deposits were insured up to $250,000 or collateralized as required by State statutes at September 30, 2016. At year-end, the carrying amount of the City's demand deposits was a balance of $5,156,319 - bank balance, $9,076,395. The carrying amount of the component unit's pooled cash was ($360,720), - bank balance, $0. The cash on hand carrying amount totaled $16,745. Additionally, cash held in escrow for land purchase for the component units was $42,273,760 and is being held by an independent title company. The bank balance for the primary government and the component unit's deposits and certificates of deposits was covered by collateral with a fair value of $33,283,181. The collateral is held in the City's name by the Bank of New York Mellon and the Texas Independent Banker, agents of the City's financial institution.

Investments – State statutes, city policies, and city resolutions authorize the City's investments. The Director of Financial Services and the Assistant Director of Financial Services are authorized by the City Council to invest all available funds consistent with the investment policy. The City is authorized to invest in United States obligations or its agencies and instrumentalities, direct obligations of the State of Texas or its agencies and instrumentalities, other obligations backed by the full faith and credit of the State of Texas or the United States or their respective agencies and instrumentalities, obligations of states, agencies, counties, cities, and other political subdivisions of any State having an investment rating of not less than "A" or its equivalent, fully collateralized repurchase agreements, certificates of deposit issued by a depository institution that has its main office or branch office in the State of Texas, money market mutual funds regulated by the Securities and Exchange Commission with a dollar weighted average portfolio maturity of 90 days or less, and local government investment

pools organized and operating in compliance with the Inter-local Cooperation Act.

As of September 30, 2016, the City had the following investments:

Investment Type	Fair Value	Weighted Average Maturity Days
Primary Government		
General Fund		
Federal Agency Notes	$ 22,971,217	460
TexPool	11,216,541	44
TexStar	48,962,019	41
Wells Fargo Business	8,304	1
CIP Funds		
Federal Agency Notes	132,684,926	340
TexPool	4,870,093	44
TexStar	127,875,824	41
Wells Fargo Business	3,014,988	1
Other Funds		
Federal Agency Notes	56,742,570	388
TexPool	66,584,505	44
TexStar	10,420,640	41
Wells Fargo Business	7,034,973	1
Total Primary Government	$492,386,600	90
Component Units		
Community Development		
Federal Agency Notes	$ 30,902,851	383
TexPool	9,791,337	44
TexStar	26,981,686	41
Economic Development		
Federal Agency Notes	13,901,260	443
Certificates of Deposit	5,031,394	229
TexPool	6,221,690	44
TexStar	2,169,146	41
Total Component Units	$ 94,999,364	222
Total Government	$587,385,964	112

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. GASB Statement No. 72, *Fair Value Measurement and Application* provides a framework for measuring fair value which establishes a three-level fair value hierarchy that describes the inputs that are used to measure assets and liabilities.

- Level 1 inputs are quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date.
- Level 2 inputs are inputs-other than quoted prices included within Level 1-that are observable for an asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for an asset or liability.

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. If a price for an identical asset or liability is not

observable, a government should measure fair value using another valuation technique that maximizes the use of relevant observable inputs and minimizes the use of unobservable inputs. If the fair value of an asset or a liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

The City has recurring fair value measurements as presented in the table below. Investment balances of such investments are as follows:

		Fair Value Measurements Using		
Primary Government	**September 30, 2016**	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
Cash and cash equivalents:				
Bank deposits	$ 5,173,064	$ -	$ -	$ -
Wells Fargo Business	10,058,265	-	-	-
Total cash and cash equivalents	15,231,329			
Investments measured at amortized costs:				
Investment pools:				
Texpool	82,671,139	-	-	-
Investments measured at net asset value (NAV), fair value:				
Investment pools:				
TexStar	187,258,483	-	-	-
Investments by fair value level:				
U.S. government agency securities:				
Federal Home Loan Bank	34,004,568	-	34,004,568	-
Federal Farm Credit Bank	25,073,913	-	25,073,913	-
Federal Home Loan Mortgage Corp	114,302,049	-	114,302,049	-
US Treasury Notes	39,018,183	-	39,018,183	-
Total investments	482,328,335	-	212,398,713	-
Total cash and investments	$ 497,559,664	$ -	$ 212,398,713	$ -

The component units investment balances of such investments are as follows:

Component Units	September 30, 2016	Fair Value Measurements Using: Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash and cash equivalents:				
Certificates of deposit	$ 5,031,394	$ -	$ -	$ -
Total cash and cash equivalents	5,031,394	-	-	-
Cash held for land purchase:				
Bank deposits	42,273,760	-	-	-
Total cash held for land purchase	42,273,760	-	-	-
Investments measured at amortized costs:				
Investment pools:				
Texpool	16,013,027	-	-	-
Investments measured at net asset value (NAV), fair value:				
Investment pools:				
TexStar	29,150,832	-	-	-
Investments by fair value level:				
U.S. government agency securities:				
Federal Home Loan Bank	9,009,261	-	9,009,261	-
Federal Home Loan Mortgage Corp	25,792,400	-	25,792,400	-
US Treasury Notes	10,002,450	-	10,002,450	-
Total investments	89,967,970	-	44,804,111	-
Total cash and investments	$ 137,273,124	$ -	$ 44,804,111	$ -

Investment Pools are measured at amortized costs or net asset value (NAV) and are exempt from fair value reporting.

U.S. Government Agency Securities and U.S. Treasury Bonds and Notes classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

The *Texpool* investment pool is an external investment pool measured at amortized cost. In order to meet the criteria to be recorded at amortized cost, the investment pool must transact at a stable net asset value per share and maintain certain maturity, quality, liquidity and diversification requirements within the investment pool The investment pool transacts at a net asset value of $1.00 per share, has weighted average maturities of 60 days or less and weighted average lives of 120 days or less, investments held are highly rated by nationally recognized statistical rating organizations, have no more than 5% of portfolio with one issuer (excluding U.S. government securities), and can meet reasonable foreseeable redemptions. Texpool has a redemption notice period of one day

and may redeem daily. The investment pool's authority may only impose restrictions on redemptions in the event of a general suspension of trading on major securities markets, general banking moratorium or national state of emergency that affects the pool's liquidity.

The *TexStar* investment pool is an external investment pool measured at NAV. The strategy is to seek preservation of principal, liquidity and current income through investment in a diversified portfolio of short term marketable securities. The City has no unfunded commitments related to the pools. TexStar has a redemption notice period of one day and may redeem daily. The investment pool's authority may only impose restrictions on redemptions in the event of a general suspension of trading on major securities markets, general banking moratorium or national state of emergency that affects the pool's liquidity.

Interest Rate Risk – In order to minimize risk of loss due to interest rate fluctuations, the City's Investment Policy states investment maturities will not exceed the anticipated cash flow requirement of the funds as follows:

- Operating Funds – The dollar weighted average maturity of 365 days or less will be calculated using the stated final maturity dates of each security and the maximum allowable maturity shall be two years.
- Bond Proceeds – The maximum maturity for all bond proceeds shall be three years.
- Bond Reserve Funds – Maturity limitation shall generally not exceed the call provision of the Bond Ordinance and shall not exceed the final maturity of the bond issue.
- Other Funds – Maximum maturity shall not exceed five years and each fund's weighted average life shall not exceed three years.

Credit Risk – In compliance with the City's Investment Policy, and in conjunction with state law, as of September 30, 2016, the City minimized credit risk losses by limiting investment to the safest types of securities, pre-qualifying investments through our asset management company, and diversifying the investment portfolio so that potential losses on individual securities were minimized. The City also invested in certificates of deposits at local banks as applicable. The City's investments in U.S. Agency securities (FHLB, FHLMC, and FFCB) are rated AAA by Standard & Poor's and Aaa by Moody's Investors Services. The City's investments in local government investment pools (TexPool and TexStar) are in compliance with the Public Funds Investment Act and rated AAAm by Standard & Poors. More than five percent of the City's investments are in Federal Home Loan Mortgage Corp (FHLMC), U.S. Treasury Notes, and Federal Home Loan Bank (FHLB). These investments are 23.85%, 8.35%, and 7.32%, respectively, of the total investments.

Concentration of Credit Risk – The City's formal investment policy does not address limitations to one particular issuer.

NOTE 5. RECEIVABLES

Receivables at September 30, 2016, for the government's individual major funds and non-major funds in the aggregate, including the applicable allowances for uncollectible accounts, are all considered to be collected within one year and consist of the following:

Governmental Activities	General	TIRZ #1	Capital Projects	Debt Service	Other Funds	Total
Property tax	$ 662,326	$ -	$ -	$440,281	$ -	$ 1,102,607
Sales tax	6,496,234	-	-	-	-	6,496,234
Franchise tax	4,158,157	-	-	-	97,430	4,255,587
Occupancy tax	-	-	-	-	382,673	382,673
Mixed beverage	195,891	-	-	-	-	195,891
Accrued interest	59,790	-	112,914	-	62,342	235,046
Grants	-	-	-	-	87,949	87,949
Assessments	-	-	-	-	1,613,711	1,613,711
Other	2,469,739	399,224	546,875	-	7,037	3,422,875
Gross receivables	14,042,137	399,224	659,789	440,281	2,251,142	17,792,573
Less: allowance	(1,161,088)	-	-	(22,014)	-	(1,183,102)
Net receivables	$12,881,049	$399,224	$659,789	$418,267	$ 2,251,142	$16,609,471

Business-type Activities	Water and Sewer	Other Funds	Total
Utility Bills	$13,853,577	$ -	$13,853,577
Accrued interest	67,812	1,401	69,213
Other	621,237	6,953	628,190
Gross receivables	14,542,626	8,354	14,550,980
Less: allowance	(1,830,463)	-	(1,830,463)
Net receivables	$12,712,163	$8,354	$12,720,517

Component Units	Community Development Corporation	Economic Development Corporation	Total
Sales tax	$ 3,248,117	$ 3,248,117	$ 6,496,234
Accrued interest	28,833	37,115	65,948
Other	39,124	827,284	866,408
Net receivables	$ 3,316,074	$ 4,112,516	$ 7,428,590

The Proprietary Fund accounts receivable includes unbilled charges for services rendered at September 30, 2016.

Property taxes are levied on October 1 and are payable until February 1 without penalty. Property taxes attach as an enforceable lien on property as of February 1. No discounts are allowed for early payment. Penalty and interest are calculated after February 1 up to the date collected by the City at the rate of 6% for the first month and increased by 1% per month up to a total of 12%. Under state law, property taxes on real property constitute a lien on the property and cannot be forgiven without specific approval of the State Legislature. The lien expires at the end of 20 years. Taxes applicable to personal property may be deemed uncollectible by the City. The City's current policy is to write off uncollectible personal property taxes after four years.

Notes Receivable City

The City periodically issues bonds on behalf of the Frisco Community Development Corporation and Frisco Economic Development Corporation to fund various projects of these entities. Each component unit has an agreement with the City to fund the principal and interest payments of the bonds; therefore, a note receivable is reported in the government wide financial statements of the City from each component unit equal to the face amount of the bonds outstanding. At September 30, 2016, the balance of the note receivable from the Frisco Community Development Corporation was $34,650,000. The balance of the note receivable from the Frisco Economic Development Corporation was paid off during 2016.

Notes Receivable Component Units

In March 2006, the Frisco Community Development Corporation entered into an agreement to loan a developer $300,000 to purchase land. The interest rate on the note is 5.00%. Annual payments of $1 are due for a period of ten years, and an eleventh and final installment of all accrued and unpaid interest, together with principal is due on the tenth anniversary date. If the developer completes certain performance requirements, the entire balance of principal plus accrued interest will be forgiven on the due date of the eleventh installment or March 28, 2017 and it will only be recognized at the government-wide level. As of September 30, 2016, the note had a balance of $300,000 and accrued interest of $201,119.

In June, 2011, the Frisco Community Development Corporation executed a Performance Agreement and Promissory Note with a developer for $400,000 for building improvements to a public facility being leased by the developer. The loan interest rate is 0.00%, and if the developer satisfies annual performance criteria, the loan will be forgiven over a period of ten years, ending in July, 2022. This note is only recognized at the government-wide level. The loan balance as of September 30, 2016 was $240,000.

On July 31, 2009, the Frisco Economic Development Corporation entered into a Performance Agreement and Promissory Note for up to a maximum of $525,000 for a sanitary sewer infrastructure improvement. Performance credits are to be applied as loan forgiveness, when proper documentation is provided to the City. On September 21, 2011, the Note maturity date was extended to August 1, 2016. On August 17, 2016 the note maturity date was extended again to August 1, 2018. The loan balance as of September 30, 2016 was $108,388.

In December 2009, the Frisco Economic Development Corporation entered into a Performance Agreement and Promissory Note for $570,803 with 5% interest due annually. The loan was paid as an advance with quarterly payments beginning March 31, 2011 and ending December 2014. In September 2011, the Agreement and Note were modified for quarterly payments to begin March 31, 2013 ending in December 2016. The balance of the loan at September 30, 2016 was $30,824.

In April 2010, the Frisco Economic Development Corporation entered into an Agreement and Promissory Note for $500,000 with 5% interest due by April 26,

2011. The note was extended and modified in April 2011, for an additional year. In April 2012, the Note was amended and the due date was extended to April 2013. On April 26, 2013, the Note was extended to October 26, 2014 and the Performance Agreement was modified to forgive the loan if certain requirements are met by October 26, 2014. On October 15, 2014 the note was extended to October 26, 2016. The balance of the loan at September 30, 2016 was $500,000.

On October 2, 2012, a Performance Agreement and Promissory Note were executed by the Frisco Economic Development Corporation. Those documents were amended and restated on January 15, 2013. The $750,000 loan consisted of 2 installments of $375,000 each, payable over two years, beginning with Fiscal Year 2013. The loan is eligible for forgiveness credits, based upon the company's performance through December 31, 2022. The loan balance was $475,000 at September 30, 2016.

On October 15, 2012, the Frisco Economic Development Corporation entered into a Performance Agreement and Promissory Note to provide $200,000 in infrastructure improvements to a developer. The interest rate of the loan is 5% and the maturity date is September 30, 2016. In May, 2015, the maturity date of the note was extended to September 30, 2017. The loan is eligible for forgiveness credits upon completion of performance requirements. The balance of the loan was $200,000 at September 30, 2016.

On August 28, 2014 the Frisco Economic Development Corporation entered into a Performance Agreement and Promissory Note loan to provide $300,000 in advanced economic incentives. The $300,000 was issued on December 4, 2014 at 0% interest with a maturity date of March 15, 2018. The note and performance agreement were amended on June 15, 2016 to extend the note maturity date to February 1, 2020. The loan is eligible for forgiveness credits upon completion of performance requirements. The balance of the loan on September 30, 2016 was $170,000.

NOTE 6. CAPITAL ASSETS

The following is a summary of changes in the capital assets during the fiscal year:

Governmental Activities	Balance 9/30/2015	Additions	Transfers	Retirements/Other Deductions	Balance 9/30/2016
Capital assets, not being depreciated:					
Land	$ 239,083,442	$ 4,735,117	$ -	$ -	$243,818,559
Construction-in-progress	253,890,155	173,522,632	(79,275,375)	(499)	348,136,913
Total capital assets, not being depreciated	492,973,597	178,257,749	(79,275,375)	(499)	591,955,472
Capital assets, being depreciated:					
Machinery and equipment	55,365,570	6,347,895	472	(1,410,726)	60,303,211
Buildings and improvements	344,886,045	204,686	5,956,305	-	351,047,036
Improvements other than buildings	895,902,846	43,408,186	73,297,588	-	1,012,608,620
Total capital assets being depreciated	1,296,154,461	49,960,767	79,254,365	(1,410,726)	1,423,958,867
Less accumulated depreciation:					
Machinery and equipment	(35,023,711)	(4,778,524)	21,010	1,309,817	(38,471,408)
Buildings and improvements	(129,871,736)	(14,187,441)	-	-	(144,059,177)
Improvements other than buildings	(311,141,628)	(32,609,836)	-	-	(343,751,464)
Total accumulated depreciation	(476,037,075)	(51,575,801)	21,010	1,309,817	(526,282,049)
Total capital assets, being depreciated, net	820,117,386	(1,615,034)	79,275,375	(100,909)	897,676,818
Business-type activities capital assets, net	$1,313,090,983	$ 176,642,715	$ -	$ (101,408)	$1,489,632,290

Business-type Activities	Balance 9/30/2015	Additions	Transfers	Retirements/Other Deductions	Balance 9/30/2016
Capital assets, not being depreciated:					
Land	$ 10,146,356	$ 21,950	$ -	$ -	$ 10,168,306
Construction-in-progress	43,528,547	19,522,798	(24,592,311)	-	38,459,034
Total capital assets, not being depreciated	53,674,903	19,544,748	(24,592,311)	-	48,627,340
Capital assets, being depreciated:					
Machinery and equipment	7,790,498	1,263,643	21,010	(348,664)	8,726,487
Buildings and improvements	10,123,598	-	-	-	10,123,598
Improvements other than buildings	374,901,213	21,335,018	24,592,311	-	420,828,542
Total capital assets being depreciated	392,815,309	22,598,661	24,613,321	(348,664)	439,678,627
Less accumulated depreciation:					
Machinery and equipment	(4,947,806)	(860,565)	(21,010)	348,664	(5,480,717)
Buildings and improvements	(5,204,807)	(447,879)	-	-	(5,652,686)
Improvements other than buildings	(120,776,988)	(12,187,242)	-	-	(132,964,230)
Total accumulated depreciation	(130,929,601)	(13,495,686)	(21,010)	348,664	(144,097,633)
Total capital assets, being depreciated, net	261,885,708	9,102,975	24,592,311	-	295,580,994
Business-type activities capital assets, net	$315,560,611	$28,647,723	$ -	$ -	$344,208,334

For the Business-type Activities, interest costs for the period charged to expense totaled $5,805,743. Capitalized interest costs recorded during the period totaled $1,889,852.

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities	
General government	$ 6,782,943
Public safety	5,237,670
Public works	27,978,494
Culture and recreation	11,576,694
Total depreciation expense governmental activities	$51,575,801
Business-type activities	
Water & sewer	$13,331,207
Stormwater drainage	79,344
Environmental services	85,135
Total depreciation expense business-type activities	$13,495,686

Frisco Community Development Corporation	Balance 9/30/2015	Additions	Transfers	Retirements/Other Deductions	Balance 9/30/2016
Capital assets, not being depreciated:					
Land	$52,650,138	$ -	$ -	$ -	$52,650,138
Construction-in-progress	1,199,949	126,542	(1,212,218)	-	114,273
Total capital assets not being depreciated	53,850,087	126,542	(1,212,218)	-	52,764,411
Capital assets, being depreciated:					
Machinery and equipment	34,658	-	-	-	34,658
Buildings and improvements	8,947,524	-	1,212,218	-	10,159,742
Improvements other than buildings	18,584,658	-	-	-	18,584,658
Total capital assets being depreciated	27,566,840	-	1,212,218	-	28,779,058
Less: accumulated depreciation	(20,442,397)	(1,529,944)	-	-	(21,972,341)
Total capital assets being depreciated, net	7,124,443	(1,529,944)	1,212,218	-	6,806,717
FCDC capital assets, net	$60,974,530	$ (1,403,402)	$ -	$ -	$59,571,128

Frisco Economic Development Corporation	Balance 9/30/2015	Additions	Transfers	Retirements/Other Deductions	Balance 9/30/2016
Capital assets, not being depreciated:					
Land	$17,280,316	$ -	$ -	$ -	$17,280,316
Construction-in-progress	-	-	-	-	-
Total capital assets not being depreciated	17,280,316	-	-	-	17,280,316
Capital assets being depreciated:					
Machinery and equipment	527,709	-	-	-	527,709
Buildings and improvements	9,987,087	-	-	-	9,987,087
Total capital assets being depreciated	10,514,796	-	-	-	10,514,796
Less: accumulated depreciation	(2,574,432)	(497,450)	-	-	(3,071,882)
Total capital assets, being depreciated, net	7,940,364	(497,450)	-	-	7,442,914
FEDC capital assets, net	$25,220,680	$ (497,450)	$ -	$ -	$24,723,230

In addition to construction in progress, the City had commitments or binding contracts as of September 30, 2016. The construction commitments or binding contracts totaled $122,648,980 for the governmental capital projects fund; and $21,217,988 for the business-type activities capital projects fund. Major funds also had outstanding encumbrances totaling $1,815,002.

Governmental activities	
General fund	$ 1,599,080
Capital projects fund	122,648,980
Total outstanding commitments	$124,248,060
Business-type activities	
Utility fund	$ 215,922
Utility fund construction	21,217,988
Total outstanding commitments	$ 21,433,910

NOTE 7. NOTES PAYABLE

The following schedule summarizes notes payable as of September 30, 2016:

Frisco Community Development Corporation	Balance 9/30/2015	Additions	Deletions	Balance 9/30/2016
Note payable to City	$41,685,500	$ -	$ 7,035,500	$34,650,000
Note payable to bank	13,770,000	-	-	13,770,000
Premium	3,238,206	-	658,491	2,579,715
Discount	(80,909)	-	(5,932)	(74,977)
Total	$58,612,797	$ -	$7,688,059	$50,924,738

Frisco Economic Development Corporation	Balance 9/30/2015	Additions	Deletions	Balance 9/30/2016
Note payable to City	$ 2,140,000	$ -	$ 2,140,000	$ -
Note payable to bank	41,988,813	-	897,275	41,091,538
Premium	20,339	-	20,339	-
Total	$44,149,152	$ -	$3,057,614	$41,091,538

The City periodically issues bonds on behalf of the Community Development Corporation and Economic Development Corporation to fund various projects of these entities. These entities are component units of the City. Each component unit has an agreement with the City to fund the principal and interest payments of the bonds; therefore, a note payable is reported in the government wide financial statements of the component units to the City equal to the face amount of the bonds outstanding plus any bond premiums, discounts, and deferred loss from advance refunding of debt. The City is in compliance with related bond covenants.

At September 30, 2016, the balance of the note payable to the City from the Community Development Corporation was $37,154,738. This includes $34,650,000 in the note balance, $2,579,715 of premium and $74,977 of discount. The note payable to the City from the Economic Development Corporation was paid off in 2016. At September 30, 2016, the total notes payable to the City from the component units was $37,154,738.

NOTE 8. LONG-TERM DEBT

General obligation bonds and certificates of obligation mature annually in varying amounts through 2041. The interest for these bonds are payable semi-annually with interest rates ranging from .90% - 7.375%. The City is in compliance with related bond covenants.

In January 2016, the Frisco Community Development Corporation issued Sales Tax Revenue Bonds, Series 2016A, in the amount of $21,690,000 with a net premium of $2,631,154 and Sales Tax Revenue Bonds, Taxable Series 2016B, in the amount of $15,180,000. Proceeds from the sale of the Bonds together with certain available funds of the Corporation will be used to (i) construct improvements and renovations to the City's soccer stadium, including replacing and upgrading electronic message boards, signage, sound system and other electronic equipment, upgrading seating, and construction of space to accommodate the Soccer Hall of Fame facility; (ii) purchase a Surety Bond for each Reserve Fund for the Obligations, and (iii) pay the costs of professional services including the costs of issuance of the 2016A and 2016B bonds.

In June 2016, the City issued General Obligation Refunding and Improvement Bonds, Series 2016, in the amount of $120,615,000 with a premium of $21,165,179. Proceeds from the sale of the Refunding Bonds of $69,005,000 were used to advance refund a portion of the City's outstanding debt, including $40,485,000 in General Obligation, Series 2007, $21,460,000 in Combination Tax and Limited Surplus Revenue Certificates of Obligation, Series 2008A; $15,535,000 General Obligation Bonds, Series 2008; and $845,000 Combination Tax and Limited Surplus Revenue Certificates of Obligation, Series 2009.

The net proceeds from the issuance of the bonds were used to purchase U.S. government securities which were deposited in an irrevocable trust with an escrow agent to provide debt service until the bonds are called in August 2016 – February 2019. The advance refunding was undertaken to reduce the total debt service payments by $12,222,131 and resulted in an economic gain of $10,130,117. An accounting loss of $4,996,471 which will be deferred and amortized was recognized on this advanced refunding. The refunded bonds are considered legally defeased and the liability for the refunded bonds has been removed from the long-term debt. As of September 30, 2016, the amount of the defeased debt outstanding, but removed from long-term debts was $78,325,000.

Proceeds from the sale of the Improvement Bonds of $51,610,000 are expected to be used for (i) constructing and equipping facilities for a community cultural arts and science center; (ii) constructing, improving and equipping public safety facilities consisting of fire department facilities, parking for police headquarters building, public safety training facility, acquisition of fire trucks and equipment, acquisition of land and acquisition and installation of warning sirens; (iii) constructing and improving streets and roads, bridges and intersections; (iv) constructing, improving and equipping parks, trails and recreational facilities and constructing and equipping a maintenance and administration building for the parks and recreation department; and (v) paying

the cost associated with the issuance of the Bonds.

In June 2016, the City issued Combination Tax and Limited Surplus Revenue Certificates of Obligation, Series 2016A, in the amount of $17,065,000 with a premium of $2,222,466. Proceeds from the sale of the Certificates will be used for constructing improvements and extensions to the City's combined Waterworks and Sewer System, and paying the costs associated with the issuance of the 2016A Certificates.

Also, in June 2016, the City issued Combination Tax and Limited Surplus Revenue Certificates of Obligation, Taxable Series 2016B, in the amount of $20,500,000, with a discount of $277,741. Proceeds from the sale of the Certificates will be used for constructing, acquiring and equipping two City-owned public parking garages located near the City's special events and recreational center, and paying the costs associated with the issuance of the 2016B Certificates.

During the year, the following changes occurred in the long-term liabilities:

Governmental Activities	Balance 9/30/2015	Increases	Decreases	Balance 9/30/2016	Amounts due within one year
Compensated absences	$ 8,584,140	$ 7,360,963	$ 6,133,667	$ 9,811,436	$ 5,759,974
General obligation bonds	387,195,000	115,575,000	80,660,000	422,110,000	32,020,000
Certificates of obligation	198,590,500	20,500,000	26,440,500	192,650,000	6,600,000
Premiums	33,388,880	20,691,926	7,272,515	46,808,291	7,859,453
Discounts	(531,832)	(277,741)	(125,411)	(684,162)	(45,374)
Total governmental activities	$ 627,226,688	$ 163,850,148	$ 120,381,271	$670,695,565	$52,194,053

Business-type Activities	Balance 9/30/2015	Increases	Decreases	Balance 9/30/2016	Amounts due within one year
Compensated absences	$ 1,238,686	$ 982,406	$ 858,526	$ 1,362,566	$ 919,159
General obligation bonds	73,290,000	5,040,000	9,755,000	68,575,000	4,835,000
Certificates of obligation	56,039,500	17,065,000	5,034,500	68,070,000	4,635,000
Premiums	11,267,983	2,695,719	2,091,086	11,872,616	2,149,726
Discounts	(355,679)	-	(22,973)	(332,706)	(22,973)
Total business-type activities	141,480,490	25,783,125	17,716,139	149,547,476	12,515,912
Total primary government	$ 768,707,178	$ 189,633,273	$138,097,410	$820,243,041	$64,709,965

Component Units	Balance 9/30/2015	Increases	Decreases	Balance 9/30/2016	Amounts due within one year
Compensated absences	$ 150,467	$ 119,184	$ 100,391	$ 169,260	$ 114,368
Sales tax revenue bonds	89,400,000	36,870,000	3,855,000	122,415,000	3,940,000
Notes payable – bank	55,758,813	-	897,275	54,861,538	7,898,767
Notes payable – City	43,825,500	-	9,175,500	34,650,000	2,945,000
Premiums	3,383,271	2,720,640	981,567	5,122,344	909,397
Discounts	(92,764)	(89,486)	(11,931)	(170,319)	(13,153)
Total component units	$192,425,287	$ 39,620,338	$ 14,997,802	$217,047,823	$15,794,379

Debt service requirements of the general obligation bonds and certificates of obligation for the governmental activities for the years subsequent to September 30, 2016, are as follows:

Fiscal Year Ending September 30	Principal Requirements	Interest Requirements	Total Requirements
2017	$ 38,620,000	$ 26,516,568	$ 65,136,568
2018	41,105,000	24,611,781	65,716,781
2019	42,985,000	22,844,739	65,829,739
2020	43,325.000	20,950,779	64,275,779
2021	45,315,000	18,940,126	64,255,126
2022-2026	186,165,000	66,309,869	252,474,869
2027-2031	106,290,000	35,290,217	141,580,217
2032-2036	91,045,000	12,735,484	103,780,484
2037-2041	19,910,000	1,070,956	20,980,956
Total	614,760,000	229,270,519	844,030,519
Plus: Unamortized bond premium	46,808,291	-	46,808,291
Less: Unamortized bond discount	(684,162)	-	(684,162)
Net debt service requirements	$ 660,884,129	$ 229,270,519	$890,154,648

Debt service requirements of the general obligation bonds and certificates of obligation for the business-type activities for the years subsequent to September 30, 2016, are as follows:

Fiscal Year Ending September 30	Principal Requirements	Interest Requirements	Total Requirements
2017	$ 9,470,000	$ 5,803,629	$ 15,273,629
2018	9,630,000	5,374,419	15,004,419
2019	10,010,000	4,963,031	14,973,031
2020	10,365,000	4,507,606	14,872,606
2021	10,865,000	4,008,619	14,873,619
2022-2026	47,175,000	13,132,781	60,307,781
2027-2031	23,370,000	5,195,684	28,565,684
2032-2036	15,760,000	1,174,194	16,934,194
Total	136,645,000	44,159,963	180,804,963
Plus: Unamortized bond premium	11,872,616	-	11,872,616
Less: Unamortized bond discount	(332,706)	-	(332,706)
Net debt service requirements	$148,184,910	$ 44,159,963	$192,344,873

Debt service requirements of the revenue bonds and notes payable for the Community Development Corporation component unit for the years subsequent to September 30, 2016, are as follows:

Fiscal Year Ending September 30	Principal Requirements	Interest Requirements	Total Requirements
2017	$ 4,320,000	$ 4,217,255	$ 8,537,255
2018	7,067,000	4,058,662	11,125,662
2019	7,099,300	3,840,653	10,939,953
2020	6,685,370	3,614,214	10,299,584
2021	6,788,833	3,374,015	10,162,848
2022-2026	38,349,497	12,098,361	50,447,858
2027-2031	24,050,000	6,583,956	30,633,956
2032-2036	17,290,000	2,018,165	19,308,165
2037	2,645,000	55,330	2,700,330
Total	114,295,000	39,860,611	154,155,611
Plus: Unamortized bond premium	5,082,272	-	5,082,272
Less: Unamortized bond discount	(160,313)	-	(160,313)
Net debt service requirements	$ 119,216,959	$ 39,860,611	$ 159,077,570

Debt service requirements of the revenue bonds and notes payable for the Economic Development Corporation component unit for the years subsequent to September 30, 2016, are as follows:

Fiscal Year Ending September 30	Principal Requirements	Interest Requirements	Total Requirements
2017	$ 10,463,767	$ 3,024,325	$ 13,488,092
2018	5,149,485	3,054,090	8,203,575
2019	5,024,026	2,906,966	7,930,992
2020	18,808,491	2,754,277	21,562,768
2021	4,149,077	2,146,754	6,295,831
2022-2026	27,511,692	7,524,043	35,035,735
2027-2031	19,380,000	3,544,054	22,924,054
2032-2036	7,145,000	368,312	7,513,312
Total	97,631,538	25,322,821	122,954,359
Plus: Unamortized bond premium	40,072	-	40,072
Less: Unamortized bond discount	(10,006)	-	(10,006)
Net debt service requirements	$ 97,661,604	$ 25,322,821	$ 122,984,425

NOTE 9. GRANTS PAYABLE

Retail Development Agreements

In order to promote economic development and diversity, increase employment, reduce unemployment and underemployment, expand commerce, and stimulate business and commercial activity in the State of Texas, Collin County, and the City of Frisco, Texas, the City, agreed to pay sales tax grants to certain developers. These grants require the construction of a minimum square feet of retail space and obtaining certificates of occupancy for certain major retailers within a specified time period, all of which have been met during the 2016 fiscal year.

A new retail development agreement was executed in December, 2005 for

approximately 200,000 square feet of retail space, which opened for business during April, 2007. The developer was awarded an economic development grant in accordance with the agreement in the amount of one-half of one percent (0.5%) of retail sales generated for a period of ten years. The City paid $210,375 during the current year for this grant.

A new retail agreement was executed in January, 2011 for approximately 140,000 square feet of retail space which opened October, 2011. The City pays one half of one percent of retail sales generated for a period of ten years. The City paid $314,725 during the current year of this grant.

An agreement was executed in May, 2013 for a retail sales center. The City pays eighty-five percent of one percent (.0085) of all retail sales generated for a period of twenty-five years. The City paid $2,435,744 during the current year of this grant.

An agreement was executed in May, 2012 in which the City pays a rebate of incremental property taxes on improvements. This agreement is for five years. The City paid $1,423 during the current year of this grant.

An agreement was executed in February, 2013 for use and property tax rebates. This agreement is for eleven years. The City paid $68,159 during the current year of this grant.

An agreement was executed with the owner of an entertainment venue in April, 2013. This agreement includes a 50% rebate of property taxes for 10 years and one-half of one percent of sales and use taxes for five years. The City paid $49,207 during the current year of the grant.

An agreement was executed in June 2013. This agreement includes a rebate of 50% of the city's incremental property taxes on improvements for 10 years. The City paid $16,286 during the current year of the grant.

An agreement was executed in May, 2014 for infrastructure improvements. This agreement is for three years. The City paid $91,664 during the current year of this grant.

An agreement was executed in June 2014 with a residential builder for a ten year period. Payments will be calculated based on 80% of the City's one percent of use tax levied on housing materials purchased. The City paid $149,906 during the current year of this grant.

An agreement was executed in August 2014 with a residential builder for a ten year period. Payments will be calculated based on 80% of the City's one percent of use tax levied on housing materials purchased. The City paid $11,517 during the current year of this grant.

An agreement was executed in April 2015 with a residential builder for a ten year period. Payments will be calculated based on 80% of the City's one percent of use

tax levied on housing materials purchased. The City paid $25,381 during the current year of this grant.

An agreement was executed in August 2015 with a residential builder for a ten year period. Payments will be calculated based on 80% of the City's one percent of use tax levied on housing materials purchased. The City paid $61,455 during the current year of this grant.

An agreement was executed with a residential homebuilder in October 2015. The agreement is for a ten year period. Payments are calculated based on 80% of the City's one percent of use tax levied on housing materials. The City paid $15,657 during the current year of the grant.

Planned Development Mixed Use Agreement

The City has an agreement for the development of thirty-six (36) acres into an urban mixed use community consisting of residential units, a 4-star hotel and a Class A high rise office building. The developer will receive rebates of incremental City property taxes paid on the improvements. The maximum grant amount of rebates for the improvements has a principal balance of $3,000,000 bearing an interest rate of 4.75%, being repayable in three (3) annual installments of interest only and twenty-two (22) successive amortized annual installments of principal and interest. During the year ended September 30, 2016, the City rebated a total of $166,874 for the property tax increment payment for 2015. The cumulative amount rebated through September 30 was $986,908.

NOTE 10. DEFERRED COMPENSATION PLAN

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan is administered by the International City Management Association Retirement Corporation (ICMARC). All assets and income are held in trust for the exclusive benefit of participants and their beneficiaries, and the City has no fiduciary responsibilities over the plan; therefore, it is not reported in the financial statements of the City.

The plan, available to all full-time City employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

NOTE 11. DEFINED BENEFIT PENSION PLAN

Plan Description-

The City of Frisco participates as one of 866 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of

Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.tmrs.com.

All eligible employees of the city are required to participate in TMRS.

Benefits provided-
TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS.

At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest and the city-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payment options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

Members can retire at ages 60 and above with five or more years of service or with 20 years of service regardless of age. A member is vested after five years. The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS and within the actuarial constraints also in the statutes. A summary of plan provisions for the City are as follows:

Employee deposit rate: 7%
Matching ratio (City to employee): 2 to 1
Years required for vesting: 5
Service retirement eligibility: 60/5, 0/20
Updated Service Credit: 100%
Annuity Increase to retirees: 70% of CPI Repeating

Employees covered by benefits terms-
At the December 31, 2015 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	124
Inactive employees entitled to but not yet receiving benefits	360
Active employees	1,009
Total	1,493

Contributions-
The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the city matching percentages are either 100%, 150% or 200%, both as adopted by the governing body of the city. Under the state law governing TMRS, the contribution rate for each city is determined annually by

the actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarial determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees for the City of Frisco were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City were 14.41% and 14.13% in calendar years 2015 and 2016, respectively. The City's contributions to TMRS for the year ended September 30, 2016 were $10,290,995 and were equal to the required contributions.

Net Pension Liability-
The City's Net Pension Liability (NPL) was measured as of December 31, 2015, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial assumptions-
The Total Pension Liability in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	3% per year
Investment rate of return	6.75%, net of pension plan investment expense, including inflation

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment, with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment are used, with male rates multiplied by 109% and female rates multiplied by 103% with a 3-year set-forward for both males and females. In addition, a 3% minimum mortality rate is applied to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements subject to the 3% floor.

Actuarial assumptions used in the December 31, 2015, valuation were based on the results of actuarial experience studies. The experience study in TMRS was for the period December 31, 2010 through December 31, 2014. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a Mortality Experience Investigation Study covering 2009 through 2011, and dated December 31, 2013. These assumptions were first used in the December 31, 2013 valuation, along with a change to the Entry Age Normal (EAN) actuarial cost method. Assumptions are reviewed annually. No additional changes were made for the 2014 valuation. After the Asset Allocation Study analysis and experience investigation study, the Board amended the long-term expected rate of return on

pension plan investments from 7% to 6.75%. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) with an adjustment for time (aggressive). At its meeting on July 30, 2015, the TMRS Board approved a new portfolio target allocation. The target allocation and best estimates of real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Domestic Equity	17.50%	4.55%
International Equity	17.50%	6.10%
Core Fixed Income	10.00%	1.00%
Non-Core Fixed Income	20.00%	3.65%
Real Return	10.00%	4.03%
Real Estate	10.00%	5.00%
Absolute Return	10.00%	4.00%
Private Equity	5.00%	8.00%
	100%	

Discount Rate-

The discount rate used to measure the Total Pension Liability was 6.75%. The projection of cash flows used to determine the discount rate was assumed that employee contributions and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payment to determine the Total Pension Liability.

Changes in Net Pension Liability

	Increase (Decrease) Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) – (b)
Balance at 12/31/2014	$168,353,704	$137,708,186	$30,645,518
Changes for the year:			
Service cost	12,146,969	-	12,146,969
Interest	12,134,224	-	12,134,224
Change in benefit terms	-	-	-
Difference between expected and actual experience	(320,688)	-	(320,688)
Change in assumptions	(1,452,583)	-	(1,452,583)
Contributions-employer	-	9,779,163	(9,779,163)
Contributions-employee	-	4,790,759	(4,790,759)
Net investment income	-	203,262	(203,262)
Benefit payments, including refunds of employee contributions	(2,162,276)	(2,162,276)	-
Administrative expense	-	(123,767)	123,767
Other changes	-	(6,113)	6,113
Net changes	20,345,646	12,481,028	7,864,618
Balance as of 12/31/2015	$188,699,350	$150,189,214	$38,510,136

Sensitivity of the net pension liability to changes in the discount rate

The following presents the net pension liability of the City, calculated using the discount rate of 6.75%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (5.75%) or 1 percentage point higher (7.75%) than the current rate:

	1% Decrease in Discount Rate	Current Discount Rate	1% Increase in Discount Rate
City's NPL	$73,192,373	$38,510,136	$10,723,136

Pension Plan Fiduciary Net Position-
Detailed information about the pension plan's Fiduciary Net Position is available in a separately issued TMRS financial report. The report may be obtained online at www.tmrs.com.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions –

For the year ended September 30, 2016, the City recognized pension expense of $11,735,473.

The City reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$(1,430,176)
Changes in actuarial assumptions used	-	(1,256,816)
Difference between projected and actual investments earnings	8,475,911	-
Contributions subsequent to the measurement date	7,555,287	-
Total	$16,031,198	$(2,686,992)

Deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date of $7,555,287 will be recognized as a reduction of the net pension liability for measurement year ending December 31, 2016 (i.e. recognized in the City's financial statements September 30, 2017). Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Measurement Year	At December 31
2016	$1,754,732
2017	1,754,732
2018	1,754,732
2019	1,445,779
2020	(441,484)
Thereafter	(479,573)
Total	$5,788,918

NOTE 12. RISK MANAGEMENT

The City is exposed to various risk of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters. The City is a participant in the Texas Municipal League Workers' Compensation Joint Insurance Fund (WC Fund) and the Texas Municipal League Joint Self-Insurance Fund (Property-Liability Fund), a public entity risk pool operated by the Texas Municipal League Board for the benefit of individual governmental units located within Texas. The government pays an annual premium to the Funds for its workers' compensation and property and liability insurance coverage. The WC Fund and Property-Liability Fund are considered self-sustaining risk pools that provide overage for its members for up to $1,000,000 per event, and $2,000,000 in aggregate. There were no significant reductions in insurance coverage from the previous year. Settled claims for risk have not exceeded insurance coverage for the past three years.

During FY 2016, the City participated in a modified self-insurance program for Employee Benefits. Group medical benefits were administered by a third party insurance provider. The City offers two PPO plans with payroll deductions set aside to cover the monthly claims. The annually negotiated stop loss provision for 2016 was $150,000 per occurrence.

The liabilities for insurance claims reported are based on GASB Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. These liabilities include an estimate for incurred but not reported claims. The estimated claims incurred but not reported as of September 30, 2016 totaled $1,976,896, which are recorded as a liability in the General Fund Accounts Payable. Changes in the liability amount:

Claim Year	Liability Beginning of Year	Current Year Claims and Changes In Estimates	Claim Payments	Liability End of Year
2014 – Health Insurance	1,342,364	11,153,236	11,107,200	1,388,400
2015 – Health Insurance	1,388,400	11,592,196	11,409,851	1,570,745
2016 – Health Insurance	1,570,745	10,646,058	10,239,907	1,976,896

NOTE 13. INTERFUND RECEIVABLES AND PAYABLES

All interfund receivables and payable are considered short-term and, at September 30, 2016 consisted of the following:

	Due From		
Due to	General Fund	Non-major Governmental	Total
General Fund	$ -	$ 80,348	$ 80,348
Non-Major Governmental	6,134	-	6,134
Total	$ 6,134	$ 80,348	$ 86,482

All balances resulted from the time lag between the dates that transactions are recorded in the accounting system and that payments between funds are made.

The City reports interfund transfers between many of its funds. The sum of all transfers presented in the table agrees with the sum of interfund transfers presented in the governmental and proprietary fund financial statements.

	Transfers From					
Transfers to	General Fund	TIRZ	Capital Projects	Non-major Governmental	Proprietary and Non-major Proprietary	Total
General Fund	$ -	$ 730,708	$ 51,372	$ 144,000	$ 613,000	$ 1,539,080
TIRZ	-	-	-	1,429,018	-	1,429,018
Capital Projects	1,306,290	-	-	1,881,516	1,745,417	4,933,223
Debt Service	-	18,874,687	208,916	1,987,360	-	21,070,963
Non-major governmental	102,714	-	-	-	-	102,714
Utility Fund	-	-	-	-	263,257	263,257
Total	$1,409,004	$19,605,395	$260,288	$5,441,894	$2,621,674	$29,338,255

Transfer from fund	**Transfer to fund**	**Amount**
General Fund:		
Grant matching funds	Non-major Governmental Funds - Grants	$ 102,714
Capital outlay	Capital Projects Fund	1,306,290
TIRZ Fund:		
Operating lease funding - garages	General Fund	730,708
Debt service funding requirements	Debt Service	18,874,687
Capital Project Fund:		
Operating capital for SAFER	General Fund	51,372
Debt service funding requirements	Debt Service	208,916
Non-Major Governmental Funds:		
Debt service funding requirements	TIRZ	1,429,018
Debt service funding requirements	Debt Service	1,987,360
Court warrant officer funding	General Fund	144,000
Capital outlay funding	Capital Projects	1,881,516
Proprietary Funds:		
G&A for Environmental Services	General Fund	513,000
G&A for Stormwater Drainage	Utility Fund	40,435
Special Projects	Capital Projects	745,417
G&A Stormwater Drainage	General Fund	100,000
G&A Environmental Services	Utility Fund	222,822
Capital outlay funding	Capital Projects	1,000,000
Total		$29,338,255

NOTE 14. OPERATING LEASE COMMITMENTS

The City entered into rental agreements in excess of one year during prior fiscal years. During fiscal year 2016, the City entered into additional agreement in excess of one year. The following commitments remain:

FY	At September 30
2017	$ 166,816
2018	66,893
2019	13,901

Rent paid under operating leases was approximately $167,775 for the year ended September 30, 2016.

NOTE 15. CONTINGENT LIABILITIES

The City has participated in a number of state and federally assisted grant programs. These programs are subject to program compliance audits and adjustments by the grantor agencies or their representatives. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. Any liability for reimbursement which may arise as the result of these audits is not believed to be material.

In June 2006, the North Texas Municipal Water District issued $35,235,000 in revenue bonds, series 2006. This bond issue is for the purpose of constructing the Panther Creek Wastewater System benefiting the City of Frisco. In March 2009, an additional $20,210,000 in revenue bonds, series 2009 was issued for expansion of the system. In 2014, an additional bond issue refunded a portion of the 2006 revenue bonds. The outstanding principal of the revenue bonds at September 30, 2016 is $34,840,000. The City's contractual minimum payment is required to cover the full cost of the service including the principal and interest payments incurred related to this debt. The City of Frisco is in compliance with this agreement at September 30, 2016.

NOTE 16. LITIGATION

The City is party to several legal actions arising in the ordinary course of business. In the opinion of the City's management, the City has adequate legal defense and/or insurance coverage regarding each of these actions and does not believe that they will materially affect the City's operations or financial position.

NOTE 17. OTHER POSTEMPLOYMENT BENEFITS

The City does not provide postretirement health or dental care benefits to retirees. We do provide a plan that retirees can purchase through age 65, but they are responsible for 100% of the premium costs and this plan is not part of the City's active employee plan. The City incurs no cost for providing these benefits, as

retirees are included in a separate risk pool, there is no direct or implicit rate subsidy and the City has no measurable OPEB liability.

NOTE 18. COMPONENT UNIT REMEDIATION OBLIGATIONS

During FY 2012, the FEDC and FCDC entered into agreements with a local manufacturing company to purchase land surrounding a plant that is being closed. Revenue bonds were sold and have been placed in escrow with the third party. Remediation funds have also been placed in escrow with the third party to cover the costs of clean up for the land surrounding the plant that the City component units are planning to purchase. Consultants were hired to estimate the remediation costs, which have been accrued based on cash flow estimates.

FRISCO
PROGRESS IN MOTION

REQUIRED SUPPLEMENTARY INFORMATION

FRISCO
PROGRESS IN MOTION

CITY OF FRISCO
Schedule of Changes in Net Pension Liability and Related Ratios
Texas Municipal Retirement System
Required Supplementary Information
Last 2 Years

	Measurement Year 2014	Measurement Year 2015
Total pension liability:		
Service cost	$ 9,985,109	$ 12,146,969
Interest	10,863,498	12,134,224
Changes of benefit terms	-	-
Difference between expected and actual experience	(1,557,705)	(320,688)
Change in assumptions	-	(1,452,583)
Benefit payments, including refunds of employee contributions	(2,274,946)	(2,162,276)
Net change in total pension liability	17,015,956	20,345,646
Total pension liability - beginning	151,337,748	168,353,704
Total pension liability - ending (a)	$ 168,353,704	$ 188,699,350
Plan fiduciary net position:		
Contributions - employer	$ 7,982,625	$ 9,779,163
Contributions - employee	4,173,145	4,790,759
Net investment income	6,923,943	203,262
Benefit payments, including refunds of employee contributions	(2,274,946)	(2,162,276)
Administrative expenses	(72,257)	(123,767)
Other	(5,941)	(6,113)
Net change in plan fiduciary net position	16,726,569	12,481,028
Plan fiduciary net position - beginning	120,981,617	137,708,186
Plan fiduciary net position - ending (b)	$ 137,708,186	$ 150,189,214
Net pension liability - ending (a) - (b)	$ 30,645,518	$ 38,510,136
Plan fiduciary net position as a percentage of total pension liability	81.80%	79.59%
Covered employee payroll	$ 59,616,360	$ 68,433,626
Net pension liability as a percentage of covered employee payroll	51.40%	56.27%

Notes to Schedule: Historical data not available - GASB 68 implemented in FY 2015.

CITY OF FRISCO
Schedule of Contributions
Texas Municipal Retirement System
Required Supplementary Information
Last 2 Years

	2015	2016
Actuarially determined contribution	$ 9,034,646	$ 9,102,778
Contributions in relation to the actuarially determined contribution	9,034,646	9,102,778
Contribution deficiency/(excess)	-	-
Covered employee payroll	63,590,086	64,421,645
Contributions as a percentage of covered employee payroll	14.21%	14.13%

Notes to Schedule of Contributions

Valuation Date:

Notes	Actuarially determined contribution rates are calculated as of December 31 and become effective in January 13 months later.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	30 years
Asset valuation method	10 year smoothed market, 15% soft corridor
Inflation	2.5%
Salary increases	3.50% to 10.5% including inflation
Investment rate of return	6.75%
Retirement age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2015 valuation pursuant to an experience study of the period 2010-2014.
Mortality	RP 2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB

Other Information:

Notes	There were no benefit changes during the year.

Notes to Schedule: Historical data not available - GASB 68 implemented in FY 2015.

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

FRISCO
PROGRESS IN MOTION

BUDGET TO ACTUAL COMPARISONS

MAJOR FUNDS

Capital Projects Fund Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended September 30, 2016

	Budgeted Amounts Original	Budgeted Amounts Final	Actual on a GAAP Basis	Adjustments-Budgetary Basis	Actual on a Budgetary Basis	Variance with Final Budget - Positive (Negative)
REVENUES:						
Intergovernmental	$ -	$ 25,433,695	$ 13,846,304	$ -	$ 13,846,304	$ (11,587,391)
Investment earnings	-	550,000	854,926	-	854,926	304,926
Contributions, donations & grants	-	114,753,463	117,462,393	-	117,462,393	2,708,930
Payments from component units	2,000,000	47,151,465	4,211,532	-	4,211,532	(42,939,933)
Total revenues	2,000,000	187,888,623	136,375,155	-	136,375,155	(51,513,468)
EXPENDITURES:						
Capital outlay	54,784,927	422,634,985	183,830,746	(65,197,558)	118,633,188	304,001,797
Debt service	-	-	635,122	-	635,122	(635,122)
Total expenditures	54,784,927	422,634,985	184,465,868	(65,197,558)	119,268,310	303,366,675
Deficiency of revenues under expenditures	(52,784,927)	(234,746,362)	(48,090,713)	(65,197,558)	17,106,845	251,853,207
OTHER FINANCING SOURCES (USES):						
Issuance of debt	61,931,130	81,000,000	71,832,259	-	71,832,259	(9,167,741)
Premium on bonds issued	-	-	9,285,707	-	9,285,707	9,285,707
Proceeds from sale of assets	-	-	60,000	-	60,000	60,000
Transfers in	718,257	19,939,257	4,933,223	-	4,933,223	(15,006,034)
Transfers out	(44,670)	(252,670)	(260,288)	-	(260,288)	7,618
Total other financing sources (uses)	62,604,717	100,686,587	85,850,901	-	85,850,901	(14,820,450)
Net change in fund balances	9,819,790	(134,059,775)	37,760,188	65,197,558	102,957,746	237,017,521
Fund balances, October 1	325,028	134,933,349	134,933,349	(122,648,980)	12,284,369	(122,648,980)
Fund balances, September 30	$ 10,144,818	$ 873,574	$ 172,693,537	$ (57,451,422)	$ 115,242,115	$ 114,368,541

CITY OF FRISCO
Adjustments to Revenues, Expenditures and Other Financing Sources and Uses
From GAAP Basis to Budgetary Basis
For the Fiscal Year Ended September 30, 2016

	Net Change in Fund Balances
GAAP basis	$ 37,760,188
Expenditures:	
Increase due to encumbrances from prior year	122,648,980
Decrease due to encumbrances from current year	(57,451,422)
Budgetary basis	$ 102,957,746

Debt Service Fund Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended September 30, 2016

	Budgeted Amounts Original	Budgeted Amounts Final	Actual on a GAAP Basis	Adjustments-Budgetary Basis	Actual on a Budgetary Basis	Variance with Final Budget - Positive (Negative)
REVENUES:						
Taxes:						
Property	$ 32,014,134	$ 32,592,287	$ 32,346,702	$ -	$ 32,346,702	$ (245,585)
Investment earnings	20,000	37,000	38,734	-	38,734	1,734
Payment from component units	6,127,505	422,680	422,680	-	422,680	-
Total revenues	38,161,639	33,051,967	32,808,116	-	32,808,116	(243,851)
EXPENDITURES:						
Debt service	58,306,568	54,103,916	54,560,155	-	54,560,155	(456,239)
Total expenditures	58,306,568	54,103,916	54,560,155	-	54,560,155	(456,239)
Deficiency of revenues under expenditures	(20,144,929)	(21,051,949)	(21,752,039)	-	(21,752,039)	(700,090)
OTHER FINANCING SOURCES (USES):						
Refunding bonds issued	-	63,965,000	64,242,741	-	64,242,741	277,741
Premium on bonds issued	-	11,406,219	11,406,219	-	11,406,219	-
Discount on bonds issued	-	-	(277,741)	-	(277,741)	(277,741)
Payment to refunded debt escrow agent	-	(76,794,093)	(74,793,146)	-	(74,793,146)	2,000,947
Transfers in	20,274,100	21,070,047	21,070,963	-	21,070,963	916
Total other financing sources (uses)	20,274,100	19,647,173	21,649,036	-	21,649,036	2,001,863
Net change in fund balances	129,171	(1,404,776)	(103,003)	-	(103,003)	1,301,773
Fund balances, October 1	4,706,849	5,278,799	5,278,799	-	5,278,799	-
Fund balances, September 30	$ 4,836,020	$ 3,874,023	$ 5,175,796	$ -	$ 5,175,796	$ 1,301,773

FRISCO
PROGRESS IN MOTION

NON-MAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

Hotel/Motel Tax Fund - This fund is used to account for revenues specifically restricted to encourage tourism, historical preservation and promote the City of Frisco.

Panther Creek Public Improvement District (PID) - This fund was established to account for assessments charged to property owners of the Panther Creek Estates.

Superdrome Fund - This fund is used to account for activities of the facilities used for hosting local bicycling races.

Grants Fund - This fund is established to account for grants awarded to the City of Frisco in the governmental funds.

CDBG Fund - This fund was created to account for the Community Development Block Grant program revenues and expenditures.

Traffic Control Enforcement Fund - This fund was established to account for the automated red light enforcement system implemented by the City.

TIRZ #5 - This fund was established to account for the property taxes and sales taxes collected within the tax increment reinvestment zone #5.

Frisco Square Municipal Management District (MMD) - This fund was established to account for assessments and transactions related to the Frisco Square District.

Court Fees Fund - This fund was established to account for special fees collected in the Municipal Court including the technology fees, building security fees and court improvement fees.

PEG Cable Fund - This fund was established to account for franchise fees collected for the Public Educational & Governmental Television production.

Capital Projects Funds

Road Impact Fees Fund - This fund accounts for the collection of impact fees, which are transferred to the Capital Projects Fund or Debt Service Fund as needed to fund infrastructure.

Park Development Fees Fund - This fund accounts for the collection of park dedication fees, which are transferred to the Capital Projects Fund as needed to fund park development and infrastructure.

Combining Balance Sheet
Non-Major Governmental Funds
September 30, 2016

	Special Revenue					
	Hotel/Motel Tax	Panther Creek PID	Superdrome	Grants	CDBG	Traffic Control Enforcement
ASSETS						
Cash and cash equivalents	$ 1,044,793	$ 20,707	$ 44,014	$ -	$ -	$ 420,776
Investments	-	-	1,300,049	-	-	-
Receivables (net of allowance for uncollectibles):						
Franchise tax	-	-	-	-	-	-
Occupancy tax	382,673	-	-	-	-	-
Assessments	-	1,613,711	-	-	-	-
Grants	-	-	-	87,053	896	-
Other	-	-	88	-	-	7,037
Prepaids	153,880	-	-	-	-	-
Due from other funds	-	-	-	-	6,134	-
Total assets	$ 1,581,346	$ 1,634,418	$ 1,344,151	$ 87,053	$ 7,030	$ 427,813
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	$ 72,071	$ -	$ -	$ 2,731	$ 7,030	$ 211,578
Accrued liabilities	48,657	-	-	-	-	-
Unearned revenue	-	1,613,711	-	3,974	-	-
Monies held in escrow	-	-	-	-	-	-
Due to other funds	-	-	-	80,348	-	-
Total liabilities	120,728	1,613,711	-	87,053	7,030	211,578
Fund balances:						
Unspendable	153,880	-	-	-	-	-
Restricted	1,306,738	20,707	1,344,151	-	-	216,235
Total fund balances	1,460,618	20,707	1,344,151	-	-	216,235
Total liabilities and fund balances	$ 1,581,346	$ 1,634,418	$ 1,344,151	$ 87,053	$ 7,030	$ 427,813

					Capital Projects		
	TIRZ #5	Frisco Square MMD	Court Fees	PEG Cable	Road Impact Fees	Park Development Fees	Total Non-major Governmental Funds
	$ 106,994	$ -	$ 364,512	$ 421,402	$ 12,256,667	$ 10,871,798	$ 25,551,663
	-	-	-	499,655	21,003,472	9,997,372	32,800,548
	-	-	-	97,430	-	-	97,430
	-	-	-	-	-	-	382,673
	-	-	-	-	-	-	1,613,711
	-	-	-	-	-	-	87,949
	-	-	-	962	44,464	16,828	69,379
	-	-	-	-	-	-	153,880
	-	-	-	-	-	-	6,134
	$ 106,994	$ -	$ 364,512	$ 1,019,449	$ 33,304,603	$ 20,885,998	$ 60,763,367
	$ -	$ -	$ 4,058	$ 108,357	$ -	$ -	$ 405,825
	-	-	-	-	-	-	48,657
	-	-	-	-	-	-	1,617,685
	-	-	-	-	1,849,603	-	1,849,603
	-	-	-	-	-	-	80,348
	-	-	4,058	108,357	1,849,603	-	4,002,118
	-	-	-	-	-	-	153,880
	106,994	-	360,454	911,092	31,455,000	20,885,998	56,607,369
	106,994	-	360,454	911,092	31,455,000	20,885,998	56,761,249
	$ 106,994	$ -	$ 364,512	$ 1,019,449	$ 33,304,603	$ 20,885,998	$ 60,763,367

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Non-major Governmental Funds
For the year ended September 30, 2016

	Special Revenue					
	Hotel/Motel Tax	Panther Creek PID	Superdrome	Grants	CDBG	Traffic Control
REVENUES:						
Property tax	$ -	$ -	$ -	$ -	$ -	$ -
Sales tax	-	-	-	-	-	-
Franchise tax	-	-	-	-	-	-
Hotel/motel tax	4,486,093	-	-	-	-	-
Special assessments	-	192,252	-	-	-	-
Fines	-	-	-	-	-	439,831
Intergovernmental	79,015	-	-	-	-	-
Charges for services	6,469	-	-	-	-	-
Contributions, donations & grants	384,676	-	-	491,922	153,457	-
Investment earnings	3,080	82,302	11,500	-	-	932
Miscellaneous	19,623	-	-	-	52,552	-
Total revenues	4,978,956	274,554	11,500	491,922	206,009	440,763
EXPENDITURES:						
Current:						
General government	-	-	-	-	206,009	-
Public safety	-	-	-	475,783	-	379,480
Public works	-	-	-	-	-	57,626
Culture and recreation	3,308,436	-	80,004	39,179	-	-
Capital outlay	16,466	-	30,035	79,674	-	31,993
Total expenditures	3,324,902	-	110,039	594,636	206,009	469,099
Excess (deficiency) of revenues over (under) expenditures	1,654,054	274,554	(98,539)	(102,714)	-	(28,336)
OTHER FINANCING SOURCES (USES):						
Transfers in	-	-	-	102,714	-	-
Transfers out	(1,857,412)	(308,100)	-	-	-	-
Total other financing sources (uses)	(1,857,412)	(308,100)	-	102,714	-	-
Net change in fund balances	(203,358)	(33,546)	(98,539)	-	-	(28,336)
Fund balances, beginning	1,663,976	54,253	1,442,690	-	-	244,571
Fund balances, ending	$ 1,460,618	$ 20,707	$ 1,344,151	$ -	$ -	$ 216,235

				Capital Projects		
TIRZ #5	Frisco Square MMD	Court Fees	PEG Cable	Road Impact Fees	Park Development Fees	Total Non-major Governmental Funds
$ 31,064	$ -	$ -	$ -	$ -	$ -	$ 31,064
75,916	-	-	-	-	-	75,916
-	-	-	415,066	-	-	415,066
-	-	-	-	-	-	4,486,093
-	-	-	-	8,831,454	8,045,228	17,068,934
-	-	184,125	-	-	-	623,956
-	-	-	-	-	-	79,015
-	-	-	-	-	-	6,469
-	250,866	-	-	-	-	1,280,921
14	-	1,114	5,222	163,725	93,710	361,599
-	-	12,105	-	-	-	84,280
106,994	250,866	197,344	420,288	8,995,179	8,138,938	24,513,313
-	-	117,004	18,961	-		341,974
-	-	-	-	-	-	855,263
-	-	-	-	-	-	57,626
-	-	-	-	-	-	3,427,619
-	-	5,602	411,094	-	-	574,864
-	-	122,606	430,055	-	-	5,257,346
106,994	250,866	74,738	(9,767)	8,995,179	8,138,938	19,255,967
-	-	-	-	-	-	102,714
-	(250,866)	(144,000)	-	(1,000,000)	(1,881,516)	(5,441,894)
-	(250,866)	(144,000)	-	(1,000,000)	(1,881,516)	(5,339,180)
106,994	-	(69,262)	(9,767)	7,995,179	6,257,422	13,916,787
-	-	429,716	920,859	23,459,821	14,628,576	42,844,462
$ 106,994	$ -	$ 360,454	$ 911,092	$31,455,000	$20,885,998	$ 56,761,249

Hotel/Motel Tax Fund Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended September 30, 2016

	Budgeted Amounts Original	Budgeted Amounts Final	Actual on a GAAP Basis	Adjustments-Budgetary Basis	Actual on a Budgetary Basis	Variance with Final Budget - Positive (Negative)
REVENUES:						
Taxes:						
Hotel/motel tax	$ 4,343,200	$ 4,343,200	$ 4,486,093	$ -	$ 4,486,093	$ 142,893
Intergovernmental	-	-	79,015	-	79,015	79,015
Charges for service	1,000	1,000	6,469	-	6,469	5,469
Contributions	560,365	413,000	384,676	-	384,676	(28,324)
Investment earnings	1,000	2,000	3,080	-	3,080	1,080
Miscellaneous	-	147,365	19,623	-	19,623	(127,742)
Total revenues	4,905,565	4,906,565	4,978,956	-	4,978,956	72,391
EXPENDITURES:						
Current:						
Culture and recreation	3,388,699	3,452,141	3,308,436	-	3,308,436	143,705
Capital Outlay	-	16,466	16,466	-	16,466	-
Total expenditures	3,388,699	3,468,607	3,324,902	-	3,324,902	143,705
Excess of revenues over expenditures	1,516,866	1,437,958	1,654,054	-	1,654,054	216,096
OTHER FINANCING USES:						
Transfers out	(1,477,500)	(1,857,412)	(1,857,412)	-	(1,857,412)	-
Total other financing sources (uses)	(1,477,500)	(1,857,412)	(1,857,412)	-	(1,857,412)	-
Net change in fund balances	39,366	(419,454)	(203,358)	-	(203,358)	216,096
Fund balances, October 1	1,425,303	1,663,976	1,663,976	-	1,663,976	-
Fund balances, September 30	$ 1,464,669	$ 1,244,522	$ 1,460,618	$ -	$ 1,460,618	$ 216,096

Panther Creek PID Fund Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual For the Fiscal Year Ended September 30, 2016

	Budgeted Amounts Original	Budgeted Amounts Final	Actual on a GAAP Basis	Adjustments-Budgetary Basis	Actual on a Budgetary Basis	Variance with Final Budget - Positive (Negative)
REVENUES:						
Special assessments	$ 215,000	$ 215,000	$ 192,252	$ -	$ 192,252	$ (22,748)
Investment earnings	65,000	65,000	82,302	-	82,302	17,302
Total revenues	280,000	280,000	274,554	-	274,554	(5,446)
OTHER FINANCING USES:						
Transfers out	(283,100)	(308,100)	(308,100)	-	(308,100)	-
Net change in fund balances	(3,100)	(28,100)	(33,546)	-	(33,546)	(5,446)
Fund balances, October 1	3,122	54,253	54,253	-	54,253	-
Fund balances, September 30	$ 22	$ 26,153	$ 20,707	$ -	$ 20,707	$ (5,446)

Superdrome Fund Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended September 30, 2016

	Budgeted Amounts Original	Budgeted Amounts Final	Actual on a GAAP Basis	Adjustments-Budgetary Basis	Actual on a Budgetary Basis	Variance with Final Budget - Positive (Negative)
REVENUES:						
Investment earnings	$ 5,000	$ 10,000	$ 11,500	$ -	$ 11,500	$ 1,500
Total revenues	5,000	10,000	11,500	-	11,500	1,500
EXPENDITURES:						
Current:						
Culture and recreation	80,004	80,004	80,004	-	80,004	-
Capital Outlay	-	30,000	30,035	-	30,035	(35)
Total expenditures	80,004	110,004	110,039	-	110,039	(35)
Deficiency of revenues under expenditures	(75,004)	(100,004)	(98,539)	-	(98,539)	1,465
Net change in fund balances	(75,004)	(100,004)	(98,539)	-	(98,539)	1,465
Fund balances, October 1	1,437,076	1,442,690	1,442,690	-	1,442,690	-
Fund balances, September 30	$ 1,362,072	$ 1,342,686	$ 1,344,151	$ -	$ 1,344,151	$ 1,465

Grants Fund Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual For the Fiscal Year Ended September 30, 2016

	Budgeted Amounts Original	Budgeted Amounts Final	Actual on a GAAP Basis	Adjustments-Budgetary Basis	Actual on a Budgetary Basis	Variance with Final Budget - Positive (Negative)
REVENUES:						
Grant income	$ 1,920,000	$ 986,559	$ 491,922	$ -	$ 491,922	$ (494,637)
Total revenues	1,920,000	986,559	491,922	-	491,922	(494,637)
EXPENDITURES:						
Current:						
Public safety	1,300,000	961,559	475,783	-	475,783	485,776
Culture and recreation	-	40,000	39,179	-	39,179	821
Capital Outlay	700,000	80,000	79,674	-	79,674	326
Total expenditures	2,000,000	1,081,559	594,636	-	594,636	486,923
Deficiency of revenues under expenditures	(80,000)	(95,000)	(102,714)	-	(102,714)	(7,714)
OTHER FINANCING SOURCES:						
Transfers in	80,000	95,000	102,714	-	102,714	(7,714)
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	80,000	95,000	102,714	-	102,714	(7,714)
Net change in fund balances	-	-	-	-	-	-
Fund balances, October 1	-	-	-	-	-	-
Fund balances, September 30	$ -	$ -	$ -	$ -	$ -	$ -

CDBG Fund Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual For the Fiscal Year Ended September 30, 2016

	Budgeted Amounts Original	Budgeted Amounts Final	Actual on a GAAP Basis	Adjustments-Budgetary Basis	Actual on a Budgetary Basis	Variance with Final Budget - Positive (Negative)
REVENUES:						
Grant income	$ 571,568	$ 320,235	$ 153,457	$ -	$ 153,457	$ (166,778)
Miscellaneous	4,000	50,000	52,552	-	52,552	2,552
Total revenues	575,568	370,235	206,009	-	206,009	(164,226)
EXPENDITURES:						
Current:						
General government	575,568	370,235	206,009	-	206,009	164,226
Total expenditures	575,568	370,235	206,009	-	206,009	164,226
Net change in fund balances	-	-	-	-	-	-
Fund balances, October 1	-	-	-	-	-	-
Fund balances, September 30	$ -	$ -	$ -	$ -	$ -	$ -

Traffic Control Fund Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual For the Fiscal Year Ended September 30, 2016

	Budgeted Amounts Original	Budgeted Amounts Final	Actual on a GAAP Basis	Adjustments-Budgetary Basis	Actual on a Budgetary Basis	Variance with Final Budget - Positive (Negative)
REVENUES:						
Fines	$ 485,605	$ 500,000	$ 439,831	$ -	$ 439,831	$ (60,169)
Interest	150	500	932	-	932	432
Total revenues	485,755	500,500	440,763	-	440,763	(59,737)
EXPENDITURES:						
Current:						
Public safety	450,000	335,944	379,480	-	379,480	(43,536)
Public works	-	58,000	57,626	-	57,626	374
Capital Outlay	-	117,500	31,993	-	31,993	85,507
Total expenditures	450,000	511,444	469,099	-	469,099	42,345
Excess (deficiency) of revenues over (under) expenditures	35,755	(10,944)	(28,336)	-	(28,336)	(17,392)
Net change in fund balances	35,755	(10,944)	(28,336)	-	(28,336)	(17,392)
Fund balances, October 1	158,251	244,571	244,571	-	244,571	-
Fund balances, September 30	$ 194,006	$ 233,627	$ 216,235	$ -	$ 216,235	$ (17,392)

TIRZ #5 Fund Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual For the Fiscal Year Ended September 30, 2016

	Budgeted Amounts Original	Budgeted Amounts Final	Actual on a GAAP Basis	Adjustments-Budgetary Basis	Actual on a Budgetary Basis	Variance with Final Budget - Positive (Negative)
REVENUES:						
Taxes:						
Property	$ 31,064	$ 31,064	$ 31,064	$ -	$ 31,064	$ -
Sales	157,143	-	75,916	-	75,916	75,916
Interest	-	-	14	-	14	14
Total revenues	188,207	31,064	106,994	-	106,994	75,930
Net change in fund balances	188,207	31,064	106,994	-	106,994	75,930
Fund balances, October 1	42,857	-	-	-	-	-
Fund balances, September 30	$ 231,064	$ 31,064	$ 106,994	$ -	$ 106,994	$ 75,930

Frisco Square MMD Fund Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual For the Fiscal Year Ended September 30, 2016

	Budgeted Amounts Original	Budgeted Amounts Final	Actual on a GAAP Basis	Adjustments-Budgetary Basis	Actual on a Budgetary Basis	Variance with Final Budget - Positive (Negative)
REVENUES:						
Contributions	$ 397,777	$ 250,866	$ 250,866	$ -	$ 250,866	$ -
Total revenues	397,777	250,866	250,866	-	250,866	-
Excess of revenues over expenditures	397,777	250,866	250,866	-	250,866	-
OTHER FINANCING SOURCES (USES):						
Transfers out	(397,777)	(250,866)	(250,866)	-	(250,866)	-
Total other financing sources (uses)	(397,777)	(250,866)	(250,866)	-	(250,866)	-
Net change in fund balances	-	-	-	-	-	-
Fund balances, October 1	-	-	-	-	-	-
Fund balances, September 30	$ -	$ -	$ -	$ -	$ -	$ -

Court Fees Fund Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual For the Fiscal Year Ended September 30, 2016

	Budgeted Amounts Original	Budgeted Amounts Final	Actual on a GAAP Basis	Adjustments-Budgetary Basis	Actual on a Budgetary Basis	Variance with Final Budget - Positive (Negative)
REVENUES:						
Fines	$ 200,000	$ 190,000	$ 184,125	$ -	$ 184,125	$ (5,875)
Investment earnings	200	800	1,114	-	1,114	314
Miscellaneous	-	-	12,105	-	12,105	12,105
Total revenues	200,200	190,800	197,344	-	197,344	6,544
EXPENDITURES:						
Current:						
General government	92,301	126,034	117,004	-	117,004	9,030
Capital Outlay	52,000	18,267	5,602	-	5,602	12,665
Total expenditures	144,301	144,301	122,606	-	122,606	21,695
Excess of revenues over expenditures	55,899	46,499	74,738	-	74,738	28,239
OTHER FINANCING USES:						
Transfers out	(144,000)	(144,000)	(144,000)	-	(144,000)	-
Total other financing sources (uses)	(144,000)	(144,000)	(144,000)	-	(144,000)	-
Net change in fund balances	(88,101)	(97,501)	(69,262)	-	(69,262)	28,239
Fund balances, October 1	403,900	429,716	429,716	-	429,716	-
Fund balances, September 30	$ 315,799	$ 332,215	$ 360,454	$ -	$ 360,454	$ 28,239

PEG Cable Fund Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended September 30, 2016

	Budgeted Amounts Original	Budgeted Amounts Final	Actual on a GAAP Basis	Adjustments-Budgetary Basis	Actual on a Budgetary Basis	Variance with Final Budget - Positive (Negative)
REVENUES:						
Taxes:						
Franchise	$ 368,650	$ 431,000	$ 415,066	$ -	$ 415,066	$ (15,934)
Investment earnings	1,200	4,200	5,222	-	5,222	1,022
Total revenues	369,850	435,200	420,288	-	420,288	(14,912)
EXPENDITURES:						
Current:						
General government	-	168,331	18,961	-	18,961	149,370
Capital Outlay	260,575	411,100	411,094	-	411,094	6
Total expenditures	260,575	579,431	430,055	-	430,055	149,376
Excess of revenues over expenditures	109,275	(144,231)	(9,767)	-	(9,767)	134,464
Net change in fund balances	109,275	(144,231)	(9,767)	-	(9,767)	134,464
Fund balances, October 1	664,474	920,859	920,859	-	920,859	-
Fund balances, September 30	$ 773,749	$ 776,628	$ 911,092	$ -	$ 911,092	$ 134,464

Road Impact Fees Fund Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended September 30, 2016

	Budgeted Amounts Original	Budgeted Amounts Final	Actual on a GAAP Basis	Adjustments-Budgetary Basis	Actual on a Budgetary Basis	Variance with Final Budget - Positive (Negative)
REVENUES:						
Special assessments	$ -	$ 7,000,000	$ 8,831,454	$ -	$ 8,831,454	$ 1,831,454
Investment earnings	-	110,000	163,725	-	163,725	53,725
Total revenues	-	7,110,000	8,995,179	-	8,995,179	1,885,179
OTHER FINANCING USES:						
Transfers out	(1,000,000)	(16,000,000)	(1,000,000)	-	(1,000,000)	15,000,000
Total other financing sources (uses)	(1,000,000)	(16,000,000)	(1,000,000)	-	(1,000,000)	15,000,000
Net change in fund balances	(1,000,000)	(8,890,000)	7,995,179	-	7,995,179	16,885,179
Fund balances, October 1	22,645,511	23,459,821	23,459,821	-	23,459,821	-
Fund balances, September 30	$ 21,645,511	$ 14,569,821	$ 31,455,000	$ -	$ 31,455,000	$ 16,885,179

Park Development Fees Fund Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended September 30, 2016

	Budgeted Amounts Original	Budgeted Amounts Final	Actual on a GAAP Basis	Adjustments-Budgetary Basis	Actual on a Budgetary Basis	Variance with Final Budget - Positive (Negative)
REVENUES:						
Special assessments	$ -	$ 5,500,000	$ 8,045,228	$ -	$ 8,045,228	$ 2,545,228
Investment earnings	-	80,000	93,710	-	93,710	13,710
Total revenues	-	5,580,000	8,138,938	-	8,138,938	2,558,938
OTHER FINANCING USES:						
Transfers out	-	(1,900,000)	(1,881,516)	-	(1,881,516)	18,484
Total other financing sources (uses)	-	(1,900,000)	(1,881,516)	-	(1,881,516)	18,484
Net change in fund balances	-	3,680,000	6,257,422	-	6,257,422	2,577,422
Fund balances, October 1	14,658,152	14,628,576	14,628,576	-	14,628,576	-
Fund balances, September 30	$ 14,658,152	$ 18,308,576	$ 20,885,998	$ -	$ 20,885,998	$ 2,577,422

FRISCO
PROGRESS IN MOTION

NON-MAJOR PROPRIETARY FUNDS

Proprietary funds charge customers directly for certain services it provides.

Stormwater Drainage Fund - This fund is used to account for revenues specifically collected to accomplish the goals set by the Municipal Separate Stormwater System Plan.

Environmental Services Fund - This fund accounts for the collection and disposal fees of solid waste and recycling services.

Combining Statement of Net Position
Non-major Proprietary Funds
September 30, 2016

	Business-type Activities Enterprise Funds		
	Stormwater Drainage	Environmental Services	Non-major Proprietary Fund Total
ASSETS			
Current assets:			
Cash and cash equivalents	$ 1,759,900	$ 6,699,697	$ 8,459,597
Investments	499,504	1,800,068	2,299,572
Receivables - (net of allowance for uncollectibles):			
Other	1,278	7,076	8,354
Prepaids	1,445	1,740	3,185
Total current assets	2,262,127	8,508,581	10,770,708
Noncurrent assets:			
Capital assets:			
Buildings and improvements	-	137,242	137,242
Improvements other than buildings	-	92,190	92,190
Machinery and equipment	507,756	572,663	1,080,419
Accumulated depreciation	(317,696)	(435,408)	(753,104)
Total capital assets (net of accumulated depreciation)	190,060	366,687	556,747
Total noncurrent assets	190,060	366,687	556,747
Total assets	2,452,187	8,875,268	11,327,455
DEFERRED OUTFLOW OF RESOURCES			
Pension contributions and investment experience	160,311	160,311	320,622
Total deferred outflow of resources	$ 160,311	$ 160,311	$ 320,622

	Business-type Activities Enterprise Funds		
	Stormwater Drainage	Environmental Services	Non-major Proprietary Fund Total
LIABILITIES			
Current liabilities:			
Accounts payable	$ 36,006	$ 645,444	$ 681,450
Accrued liabilities	41,678	45,418	87,096
Monies held in escrow	231,986	-	231,986
Liability for compensated absences	67,437	61,142	128,579
Current liabilities	377,107	752,004	1,129,111
Noncurrent liabilities:			
Liability for compensated absences	27,773	30,501	58,274
Pension	385,101	385,101	770,202
Total noncurrent liabilities	412,874	415,602	828,476
Total liabilities	789,981	1,167,606	1,957,587
DEFERRED INFLOW OF RESOURCES			
Pension actuarial experience	26,870	26,870	53,740
Total deferred inflow of resources	26,870	26,870	53,740
NET POSITION			
Net investment in capital assets	190,060	366,687	556,747
Unrestricted	1,605,587	7,474,416	9,080,003
Total	1,795,647	7,841,103	9,636,750
Total net position	$ 1,795,647	$ 7,841,103	$ 9,636,750

FRISCO
PROGRESS IN MOTION

Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
Non-major Proprietary Funds
For the Fiscal Year Ended September 30, 2016

	Business-type Activities Enterprise Funds		
	Stormwater Drainage	Environmental Services	Non-major Proprietary Fund Total
OPERATING REVENUES:			
Charges for sales and services:			
Sanitation charges	$ -	$ 13,254,421	$ 13,254,421
Stormwater drainage fees	2,905,115	-	2,905,115
Miscellaneous	-	43,138	43,138
Total operating revenues	2,905,115	13,297,559	16,202,674
OPERATING EXPENSES:			
Cost of sales and services	-	10,650,521	10,650,521
Administration	1,679,050	1,219,011	2,898,061
Depreciation	79,344	85,135	164,479
Total operating expenses	1,758,394	11,954,667	13,713,061
Operating income	1,146,721	1,342,892	2,489,613
NONOPERATING REVENUES:			
Interest revenue	4,519	16,319	20,838
Gain on sale of equipment	500	-	500
Other sources	65,465	-	65,465
Total nonoperating revenues	70,484	16,319	86,803
Income before transfers	1,217,205	1,359,211	2,576,416
TRANSFERS:			
Transfers out	(660,885)	(960,789)	(1,621,674)
Total transfers	(660,885)	(960,789)	(1,621,674)
Change in net position	556,320	398,422	954,742
Net position, beginning	1,239,327	7,442,681	8,682,008
Net position, ending	$ 1,795,647	$ 7,841,103	$ 9,636,750

Combining Statement of Cash Flows
Non-major Proprietary Funds
For the Fiscal Year Ended September 30, 2016

	Business-type Activities Enterprise Funds		
	Stormwater Drainage	Environmental Services	Non-major Proprietary Fund Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	$ 3,097,535	$ 13,367,799	$ 16,465,334
Cash payments to suppliers for goods and services	(600,924)	(10,850,418)	(11,451,342)
Cash payments to employees for services	(1,026,574)	(881,463)	(1,908,037)
Other receipts	-	43,138	43,138
Net cash provided by operating activities	1,470,037	1,679,056	3,149,093
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfer made to other funds	(660,885)	(960,789)	(1,621,674)
Contributions	65,465	-	65,465
Net cash (used) by noncapital financing activities	(595,420)	(960,789)	(1,556,209)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and construction of capital assets	(68,683)	(139,106)	(207,789)
Net cash (used) by capital and related financing activities	(68,683)	(139,106)	(207,789)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of investment securities	(499,504)	(1,800,070)	(2,299,574)
Proceeds from sale and maturities of investment securities	500,237	1,799,110	2,299,347
Interest on investments	3,715	16,319	20,034
Net cash provided by investing activities	4,448	15,359	19,807
Net increase in cash and cash equivalents	810,382	594,520	1,404,902
Cash and cash equivalents, October 1	949,518	6,105,177	7,054,695
Cash and cash equivalents, September 30	$ 1,759,900	$ 6,699,697	$ 8,459,597

	Business-type Activities Enterprise Funds		
	Stormwater Drainage	Environmental Services	Non-major Proprietary Fund Total
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Operating income	$ 1,146,721	$ 1,342,892	$ 2,489,613
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	79,344	85,135	164,479
Change in assets and liabilities:			
(Increase) decrease in-			
Receivables - other	-	113,378	113,378
Prepaid expenses and other assets	(245)	(1,740)	(1,985)
Increase (decrease) in-			
Accounts payable	9,572	96,394	105,966
Accrued liabilities	13,628	21,883	35,511
Liability for compensated absences	13,331	5,848	19,179
Net pension liability	15,266	15,266	30,532
Deposits or escrows	192,420	-	192,420
Total adjustments	323,316	336,164	659,480
Net cash provided by operating activities	$ 1,470,037	$ 1,679,056	$ 3,149,093

FRISCO
PROGRESS IN MOTION

COMPONENT UNITS

Community Development Fund - The FCDC benefits the City and its citizens by developing recreational resources. It operates primarily within the geographic boundaries of the City and funding is derived from a half cent sales tax.

Economic Development Fund - FEDC benefits the City and its citizens by developing economic resources. Funding for this organization is derived from a half cent sales tax.

Charitable Foundation Fund - The Charitable Foundation benefits the City and its citizens through developing resources for recreational, cultural arts, senior citizen and other related community development needs. Funding is derived from contributions.

Combining Balance Sheet
Component Units
September 30, 2016

	Community Development Corporation	Economic Development Corporation	Charitable Foundation	Total Component Units
ASSETS				
Cash and cash equivalents	$ 35,252,497	$ 10,269,336	$ 15,589	$ 45,537,422
Cash escrow for land purchase	16,909,506	25,364,254	-	42,273,760
Investments	29,002,851	12,001,260	-	41,004,111
Receivables (net of allowances for uncollectibles):				
Sales tax	3,248,117	3,248,117	-	6,496,234
Other	67,957	864,399	-	932,356
Prepaids	-	71,387	-	71,387
Notes receivable	-	1,484,212	-	1,484,212
Land held for resale	16,292,514	39,995,093	-	56,287,607
Restricted assets:				
Cash and cash equivalents	1,242,040	3,055,071	-	4,297,111
Investments	1,900,000	1,900,000	-	3,800,000
Total assets	$ 103,915,482	$ 98,253,129	$ 15,589	$ 202,184,200
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	$ 390,730	$ 1,113,295	$ -	$ 1,504,025
Accrued liabilities	8,630	64,087	-	72,717
Accrued liabilities - pollution remediation	908,822	1,363,228	-	2,272,050
Deposits	76,118	-	-	76,118
Unearned revenue	62,531	-	-	62,531
Total liabilities	1,446,831	2,540,610	-	3,987,441
Fund balances:				
Non spendable:				
Prepaid expenses	-	71,387	-	71,387
Land purchase	16,909,506	25,364,254	-	42,273,760
Land held for resale	16,292,514	39,995,093	-	56,287,607
Restricted for:				
Debt service	3,142,040	4,955,071	-	8,097,111
Capital projects for future construction	36,470,065	-	-	36,470,065
Unassigned	29,654,526	25,326,714	15,589	54,996,829
Total fund balances	102,468,651	95,712,519	15,589	198,196,759
Total liabilities and fund balances	$ 103,915,482	$ 98,253,129	$ 15,589	$ 202,184,200

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Component Units
For the Fiscal Year Ended September 30, 2016

	Community Development Corporation	Economic Development Corporation	Charitable Foundation	Total Component Units
REVENUES:				
Taxes:				
Sales	$ 18,913,126	$ 18,913,126	$ -	$ 37,826,252
Investment earnings	287,039	177,844	-	464,883
Contributions	-	43,775	1,986	45,761
Rents	814,649	500,000	-	1,314,649
Miscellaneous	1,166,669	295,717	-	1,462,386
Total revenues	21,181,483	19,930,462	1,986	41,113,931
EXPENDITURES:				
Current:				
General government	3,304,043	12,789,924	-	16,093,967
Culture and recreation	4,517,130	-	3,593	4,520,723
Capital outlay	126,541	-	-	126,541
Debt service:				
Principal retirement	4,730,500	3,712,275	-	8,442,775
Interest and fiscal charges	4,272,992	3,287,800	-	7,560,792
Total expenditures	16,951,206	19,789,999	3,593	36,744,798
Excess (deficiency) of revenues over (under) expenditures	4,230,277	140,463	(1,607)	4,369,133
OTHER FINANCING SOURCES (USES):				
Issuance of debt	36,870,000	-	-	36,870,000
Premium on debt issued	2,631,154	-	-	2,631,154
Proceeds from sale of assets	-	(88,002)	-	(88,002)
Total other financing sources	39,501,154	(88,002)	-	39,413,152
Net change in fund balances	43,731,431	52,461	(1,607)	43,782,285
Fund balances, beginning	58,737,220	95,660,058	17,196	154,414,474
Fund balances, ending	$ 102,468,651	$ 95,712,519	$ 15,589	$ 198,196,759

Reconciliation of the Combining Balance Sheet of Component Units to the Statement of Net Position
September 30, 2016

Amounts reported for component unit activities in the statement of position are different because:		
Total fund balances per balance sheet		$ 198,196,759
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		84,294,358
Deferred outflow of resources are not financial resources and, therefore, are not reported in the funds.		1,510,829
Other assets are not available to pay for current-period expenditures		540,000
Some long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds. Those liabilities consist of:		
Bonds payable	124,862,287	
Notes payable	92,016,276	
Accrued interest payable	806,355	
Compensated absences	169,260	
Net pension liability	770,203	
Total long-term liabilities		(218,624,381)
Deferred outflow of resources are not financial resources and, therefore, are not reported in the funds		(53,738)
Total net position - component units		$ 65,863,827

Reconciliation of the Combining Statement of Revenues, Expenditures, and Changes in Fund Balances of Component Units to the Statement of Activities
For the Year Ended September 30, 2016

Amounts reported for component units in the statement of activities are different because:	
Net change in fund balances - total component units	$ 43,782,285
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period.	(1,900,853)
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	(25,078,433)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	(89,326)
Change in net position of component units	$ 16,713,673

STATISTICAL SECTION

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STATISTICAL SECTION

This part of the City of Frisco's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

Contents **Page**

Financial Trends 136

These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.

Revenue Capacity 144

These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.

Debt Capacity 154

These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.

Demographic and Economic Information 160

These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.

Operating Information 162

These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)
(Unaudited)

	2007	2008	2009	2010	2011
Governmental activities					
Net investment in capital assets	$ 643,480,213	$ 671,496,754	$ 692,866,635	$ 695,681,506	$ 703,694,806
Restricted	110,245	1,853,404	2,212,955	3,639,371	3,058,450
Unrestricted	33,040,763	37,781,532	50,009,668	51,210,647	53,739,744
Total governmental activities net position	676,631,221	711,131,690	745,089,258	750,531,524	760,493,000
Business-type activities					
Net investment in capital assets	149,242,962	149,162,147	166,215,616	172,641,414	173,946,035
Restricted	7,484,394	9,609,318	9,649,359	10,271,078	11,751,675
Unrestricted	17,654,124	23,909,576	17,281,722	16,064,340	27,891,529
Total business-type activities net position	174,381,480	182,681,041	193,146,697	198,976,832	213,589,239
Primary government					
Net investment in capital assets	792,723,175	820,658,901	859,082,251	868,322,920	877,640,841
Restricted	7,594,639	11,462,722	11,862,314	13,910,449	14,810,125
Unrestricted	50,694,887	61,691,108	67,291,390	67,274,987	81,631,273
Total primary government net position	$ 851,012,701	$ 893,812,731	$ 938,235,955	$ 949,508,356	$ 974,082,239

2012	2013	2014	2015	2016
$ 696,300,300	$ 739,378,508	$ 754,405,379	$ 886,959,457	$ 1,051,389,064
4,192,127	4,538,556	5,053,305	54,319,922	62,763,394
63,781,055	72,860,648	101,786,356	29,893,408	43,272,641
764,273,482	816,777,712	861,245,040	971,172,787	1,157,425,099
174,745,396	185,747,786	195,229,947	222,392,769	249,009,918
12,854,359	17,744,216	21,881,788	26,256,457	29,954,906
30,396,570	35,211,295	42,695,312	44,321,482	47,844,692
217,996,325	238,703,297	259,807,047	292,970,708	326,809,516
871,045,696	925,126,294	949,635,326	1,109,352,226	1,300,398,982
17,046,486	22,282,772	26,935,093	80,576,379	92,718,300
94,177,625	108,071,943	144,481,668	74,214,890	91,117,333
$ 982,269,807	$ 1,055,481,009	$ 1,121,052,087	$ 1,264,143,495	$ 1,484,234,615

Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)
(Unaudited)

	2007	2008	2009	2010	2011
Expenses					
Governmental activities:					
General government	$ 29,994,595	$ 32,031,040	$ 33,435,845	$ 39,103,949	$ 39,620,057
Public safety	28,864,662	36,029,122	37,753,602	39,622,158	40,962,287
Public works	20,105,809	24,949,230	25,695,126	26,125,366	27,636,526
Culture & recreation	9,208,157	18,364,488	21,064,820	22,620,217	25,458,162
Interest on long-term debt	21,350,184	21,952,776	24,946,889	23,020,033	22,215,090
Total governmental activities expenses	109,523,407	133,326,656	142,896,282	150,491,723	155,892,122
Business-type activities:					
Water & sewer	36,848,896	43,797,287	45,525,827	48,130,980	47,539,765
Environmental services	6,482,619	7,298,630	7,922,296	8,662,866	9,766,785
Total business-type activities expenses	43,331,515	51,095,917	53,448,123	56,793,846	57,306,550
Total primary government expenses	$ 152,854,922	$ 184,422,573	$ 196,344,405	$ 207,285,569	$ 213,198,672
Program Revenues					
Governmental activities:					
Charges for services:					
General government	$ 11,708,064	$ 15,355,136	$ 13,222,484	$ 15,049,663	$ 13,195,345
Public safety	1,998,036	2,576,479	1,573,803	1,498,179	2,245,461
Public works	-	37,598	-	-	20,938
Culture & recreation	1,291,128	3,651,915	4,083,430	4,009,097	4,320,363
Operating grants and contributions	2,302,584	563,840	1,906,180	3,135,919	3,297,331
Capital grants and contributions	21,907,728	31,671,071	40,895,760	15,462,749	22,940,561
Total governmental activities program revenues	39,207,540	53,856,039	61,681,657	39,155,607	46,019,999
Business-type activities:					
Charges for services:					
Water & sewer	30,224,108	34,290,262	37,939,611	44,165,615	52,679,778
Other enterprise funds	7,865,780	8,579,038	9,109,124	10,474,914	11,022,236
Operating grants and contributions	71,500	-	10,700	84,020	111,317
Capital grants and contributions	8,580,354	12,681,427	15,667,028	7,857,024	8,420,269
Total business-type activities program revenues	46,741,742	55,550,727	62,726,463	62,581,573	72,233,600
Total primary government program revenues	$ 85,949,282	$ 109,406,766	$ 124,408,120	$ 101,737,180	$ 118,253,599
Net (expense)/revenue					
Governmental activities	$ (70,315,867)	$ (79,470,617)	$ (81,214,625)	$ (111,336,116)	$ (109,872,123)
Business-type activities	3,410,227	4,454,810	9,278,340	5,787,727	14,927,050
Total primary government net expense	$ (66,905,640)	$ (75,015,807)	$ (71,936,285)	$ (105,548,389)	$ (94,945,073)
General Revenues and Other Changes in Net Position					
Governmental activities:					
Taxes					
Ad valorem taxes	$ 49,160,038	$ 58,304,707	$ 61,909,279	$ 65,648,801	$ 64,673,844
Sales taxes	18,988,310	19,794,826	18,753,757	20,068,824	21,852,287
Franchise taxes	6,018,858	6,892,396	6,707,813	7,198,697	8,367,733
Other taxes	2,624,159	3,030,953	2,759,301	3,063,544	3,519,660
Ad valorem taxes, Intergovernmental	16,661,958	19,083,975	19,119,575	19,604,935	20,389,441
Investment earnings	10,041,364	7,099,229	3,251,634	629,661	512,756
Miscellaneous	-	-	-	-	-
Transfers	1,350,000	(235,000)	385,309	563,920	517,878
Total governmental activities	104,844,687	113,971,086	112,886,668	116,778,382	119,833,599
Business-type activities:					
Intergovernmental	-	-	110,000	242,151	97,000
Investment earnings	4,154,026	3,604,751	1,462,625	324,377	106,235
Miscellaneous	55,212	5,000	-	39,800	-
Transfers	(1,350,000)	235,000	(385,309)	(563,920)	(517,878)
Total business-type activities	2,859,238	3,844,751	1,187,316	42,408	(314,643)
Total primary government	107,703,925	117,815,837	114,073,984	116,820,790	119,518,956
Change in Net Position					
Governmental activities	34,528,820	34,500,469	31,672,043	5,442,266	9,961,476
Business-type activities	6,269,465	8,299,561	10,465,656	5,830,135	14,612,407
Total primary government net expense	$ 40,798,285	$ 42,800,030	$ 42,137,699	$ 11,272,401	$ 24,573,883

2012	2013	2014	2015	2016
$ 38,034,476	$ 42,629,757	$ 50,945,132	$ 53,318,813	$ 56,719,612
44,347,310	48,074,351	52,340,573	57,906,328	66,878,782
29,228,885	30,648,669	32,827,619	39,730,064	46,082,286
26,640,104	26,110,474	28,062,191	29,483,819	33,135,218
19,338,791	17,005,242	18,631,848	18,443,803	17,577,838
157,589,566	164,468,493	182,807,363	198,882,827	220,393,736
53,369,324	57,559,429	61,177,648	66,188,799	78,892,654
10,490,996	11,113,313	11,674,055	12,337,646	13,713,061
63,860,320	68,672,742	72,851,703	78,526,445	92,605,715
$ 221,449,886	$ 233,141,235	$ 255,659,066	$ 277,409,272	$ 312,999,451
$ 13,870,149	$ 18,329,451	$ 18,854,018	$ 19,912,210	$ 20,285,841
2,077,752	2,327,403	2,598,721	3,174,725	3,829,863
63,312	104,180	98,633	205,469	117,529
4,455,925	4,555,527	4,845,465	5,433,040	5,857,044
3,615,317	2,549,183	4,666,348	3,236,153	4,944,360
11,607,188	58,872,983	49,626,979	122,651,198	199,150,396
35,689,643	86,738,727	80,690,164	154,612,795	234,185,033
51,752,962	57,787,373	56,263,446	69,190,052	79,399,924
11,899,879	12,555,595	13,384,328	15,989,296	16,202,674
1,000	1,000	17,466	41,366	67,965
4,897,053	19,925,899	25,480,432	29,793,281	32,233,793
68,550,894	90,269,867	95,145,672	115,013,995	127,904,356
$ 104,240,537	$ 177,008,594	$ 175,835,836	$ 269,626,790	$ 362,089,389
$ (121,899,923)	$ (77,729,766)	$ (102,117,199)	$ (44,270,032)	$ 13,791,297
4,690,574	21,597,125	22,293,969	36,487,550	35,298,641
$ (117,209,349)	$ (56,132,641)	$ (79,823,230)	$ (7,782,482)	$ 49,089,938
$ 67,161,904	$ 69,014,412	$ 75,849,283	$ 85,412,246	$ 97,716,101
24,489,084	29,158,661	34,196,948	36,003,036	37,826,251
7,796,833	7,909,763	9,041,655	9,338,941	9,366,054
3,450,258	3,998,236	4,565,581	5,019,906	5,278,619
21,709,424	18,540,374	26,077,693	37,600,247	18,109,962
501,365	495,129	222,548	859,102	1,805,611
-	-	-	-	-
571,537	1,117,421	573,076	306,393	2,358,417
125,680,405	130,233,996	150,526,784	174,539,871	172,461,015
97,000	97,000	104,000	105,040	446,978
191,049	130,268	116,631	267,813	451,606
-	-	-	-	-
(571,537)	(1,117,421)	(573,076)	(306,393)	(2,358,417)
(283,488)	(890,153)	(352,445)	66,460	(1,459,833)
125,396,917	129,343,843	150,174,339	174,606,331	171,001,182
3,780,482	52,504,230	48,409,585	130,269,839	186,252,312
4,407,086	20,706,972	21,941,524	36,554,010	33,838,808
$ 8,187,568	$ 73,211,202	$ 70,351,109	$ 166,823,849	$ 220,091,120

FRISCO
PROGRESS IN MOTION

Governmental Activities Tax Revenues By Source
Last Ten Fiscal Years
(accrual basis of accounting)
(Unaudited)

Fiscal Year	Property Tax (1)	Sales Tax	Franchise Tax	Other Tax	Total
2007	$ 49,160,038	$ 18,988,310	$ 6,018,858	$ 2,624,159	$ 76,791,365
2008	58,304,707	19,794,826	6,892,396	3,030,953	88,022,882
2009	61,909,279	18,753,757	6,707,813	2,759,301	90,130,150
2010	65,648,801	20,068,824	7,198,697	3,063,544	95,979,866
2011	64,673,844	21,852,287	8,367,733	3,519,660	98,413,524
2012	67,161,904	24,489,084	7,796,833	3,450,258	102,898,079
2013	69,014,412	29,158,661	7,909,763	3,998,236	110,081,072
2014	75,849,283	34,196,948	9,041,655	4,565,581	123,653,467
2015	85,412,246	36,003,036	9,338,941	5,019,906	135,774,129
2016	97,716,101	37,826,251	9,366,054	5,278,619	150,187,025

(1) Includes tax increment reinvestment zone tax collections each year.

2007	$ 3,186,903
2008	3,666,330
2009	4,100,482
2010	4,488,116
2011	4,250,097
2012	4,142,786
2013	4,431,948
2014	4,654,780
2015	5,100,966
2016	5,464,343

Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(Unaudited)

	2007	2008	2009
General fund			
Non spendable	$ -	$ -	$ -
Committed	-	-	-
Reserved	1,271,021	725,711	579,841
Unreserved/Unassigned	21,301,441	23,356,833	24,526,272
Total general fund	22,572,462	24,082,544	25,106,113
All other governmental funds			
Reserved	36,281,543	59,450,155	22,839,763
Unreserved, reported in:			
Special revenue funds	3,151,419	3,986,611	4,760,856
Capital project funds	111,387,226	101,301,111	91,421,584
Non spendable	-	-	-
Restricted for:			
Debt service	-	-	-
Capital projects for future construction	-	-	-
Other purposes	-	-	-
Committed to:			
Capital projects for future construction	-	-	-
Assigned to:			
Capital projects for future construction	-	-	-
Total all other governmental funds	$ 150,820,188	$ 164,737,877	$ 119,022,203

* 9/30/2011 GASB 54 implementation - FY 2010 balance reclassified

** 9/30/2011 GASB 54 implementation - prior years not calculated

2010*	2011**	2012	2013	2014	2015	2016
$ -	$ 469,884	$ 537,057	$ 544,583	$ 398,856	$ 616,566	$ 657,471
2,553,709	2,013,924	2,576,668	3,570,917	3,568,653	14,414,810	16,466,361
713,228	-	-	-	-	-	-
22,489,654	25,386,041	29,484,739	31,295,715	41,780,279	44,957,984	52,310,008
25,756,591	27,869,849	32,598,464	35,411,215	45,747,788	59,989,360	69,433,840
25,867,177	-	-	-	-	-	-
7,508,535	-	-	-	-	-	-
68,304,669	-	-	-	-	-	-
-	343,449	493,657	202,897	1,691,298	446,105	734,603
-	3,452,399	4,355,598	4,150,522	4,412,400	5,278,799	5,175,796
-	79,585,306	67,986,558	82,742,142	164,136,618	172,606,032	224,453,812
-	5,566,109	5,817,783	7,330,805	8,117,922	8,095,288	8,361,344
-	1,814,651	2,277,444	3,349,491	4,145,399	-	-
-	4,928,511	6,070,613	3,247,896	-	-	-
$ 101,680,381	$ 95,690,425	$ 87,001,653	$ 101,023,753	$ 182,503,637	$ 186,426,224	$ 238,725,555

Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(Unaudited)

	Fiscal Year				
	2007	2008	2009	2010	2011
Revenues					
Taxes					
Property	$ 48,919,082	$ 57,670,279	$ 62,431,502	$ 65,260,020	$ 65,225,685
Sales	18,988,310	19,794,826	18,753,757	20,068,824	21,852,287
Franchise	6,018,858	6,892,396	6,984,008	7,198,697	8,040,529
Hotel/motel	2,257,756	2,601,775	2,345,312	2,607,869	2,998,817
Other	366,403	429,178	413,989	455,675	520,843
Licenses and permits	7,147,717	6,074,099	3,906,925	5,015,450	5,639,747
Intergovernmental	12,904,324	13,620,779	23,414,535	17,838,372	30,553,540
Charges for services	6,041,509	9,475,996	9,016,079	10,730,021	6,366,771
Fines	1,808,002	2,130,759	3,160,308	2,322,987	2,409,391
Special assessments	4,407,098	5,754,513	4,179,588	2,992,455	3,826,456
Rents	-	-	-	-	5,125,754
Investment earnings	10,109,906	7,112,564	3,265,769	651,464	526,553
Contributions and donations	2,370,703	5,544,704	1,185,489	4,710,837	3,134,166
Payments from component units	3,767,180	5,463,196	3,710,160	3,447,798	8,044,723
Miscellaneous	5,958,013	5,661,793	5,761,700	4,527,655	208,477
Total revenues	133,062,897	148,226,857	150,077,055	147,828,124	164,473,739
Expenditures					
Current:					
General government	26,899,968	28,699,100	30,584,122	32,993,441	31,330,645
Public safety	26,476,558	31,932,293	32,886,018	34,967,535	36,820,094
Public works	5,633,499	6,651,888	6,456,242	6,176,062	6,283,161
Culture & recreation	14,134,600	10,587,558	12,234,850	16,994,769	14,616,069
Capital outlay	71,214,884	83,384,202	61,701,918	32,685,414	38,217,173
Debt Service:					
Principal retirement	19,273,917	21,074,352	22,828,537	23,641,668	25,528,456
Interest and fiscal charges	22,617,004	25,783,542	27,005,575	25,350,941	24,934,400
Total expenditures	186,250,430	208,112,935	193,697,262	172,809,830	177,729,998
Excess (deficiency) of revenues over (under) expenditures	(53,187,533)	(59,886,078)	(45,168,141)	(24,981,706)	(13,256,259)
Other financing sources (uses)					
Issuance of debt	100,198,791	74,470,000		33,817,549	109,545,000
Premium on bonds issued	-	1,316,019	-	1,424,113	13,138,248
Discount on bonds issued	-	(320,615)	-	(6,777)	(50,185)
Payment to refunded debt escrow	(47,765,554)	-	-	(27,586,336)	(113,810,055)
Proceeds from sale of assets	1,865,096	83,445	90,727	77,893	38,675
Transfers in	25,504,304	20,361,365	20,729,438	22,618,138	22,813,526
Transfers out	(24,154,304)	(20,596,365)	(20,344,129)	(22,054,218)	(22,295,648)
Total other financing sources (uses)	55,648,333	75,313,849	476,036	8,290,362	9,379,561
Net change in fund balances	$ 2,460,800	$ 15,427,771	$ (44,692,105)	$ (16,691,344)	$ (3,876,698)
Debt service as a percentage of noncapital expenditures	36%	38%	38%	35%	36%

CITY OF FRISCO
General Governmental Tax Revenues By Source
Last Ten Fiscal Years
(modified accrual basis of accounting)
(Unaudited)

Fiscal Year	Property Tax	Sales Tax	Franchise Tax	Hotel/motel	Other
2007	$ 48,919,082	$ 18,988,310	$ 6,018,858	$ 2,257,756	$ 366,403
2008	57,670,279	19,794,826	6,892,396	2,601,775	429,178
2009	62,431,502	18,753,757	6,984,008	2,345,312	413,989
2010	65,260,020	20,068,824	7,198,697	2,607,869	455,675
2011	65,225,685	21,852,287	8,040,529	2,998,817	520,843
2012	67,265,817	24,489,084	7,907,245	3,027,021	423,237
2013	69,033,422	29,158,661	7,801,573	3,506,677	491,559
2014	75,468,357	34,196,948	8,758,582	3,887,482	678,099
2015	85,700,973	36,003,036	9,338,941	4,190,238	829,668
2016	97,282,372	37,826,251	9,191,454	4,486,093	792,526

2012	2013	2014	2015	2016
$ 67,265,817	$ 69,033,422	$ 75,468,357	$ 85,700,973	$ 97,282,372
24,489,084	29,158,661	34,196,948	36,003,036	37,826,251
7,907,245	7,801,573	8,758,582	9,338,941	9,191,454
3,027,021	3,506,677	3,887,482	4,190,238	4,486,093
423,237	491,559	678,099	829,668	792,526
6,088,219	8,577,020	10,256,389	11,016,411	11,679,493
18,309,478	28,164,687	29,277,032	44,141,948	37,848,162
6,450,974	6,895,984	7,143,863	8,196,996	8,689,774
2,891,192	2,917,496	2,726,367	2,767,638	2,747,076
5,339,917	9,190,265	9,577,516	12,964,474	17,068,934
4,714,980	4,725,347	5,505,448	6,453,883	6,636,174
526,939	432,368	250,107	874,583	1,857,133
6,060,495	6,078,590	4,381,880	53,625,599	118,842,017
8,658,172	7,125,849	12,360,810	18,443,289	7,376,943
229,077	2,253,511	514,691	423,527	466,688
162,381,847	186,353,009	204,983,571	294,971,204	362,791,090
31,910,504	36,353,259	44,594,861	47,806,418	49,016,189
39,733,181	42,765,334	45,992,383	52,387,610	60,113,259
6,538,432	7,083,202	8,222,260	8,987,439	10,174,879
15,377,347	14,684,853	16,448,909	17,807,190	20,723,877
25,168,130	46,968,401	60,116,074	190,194,725	190,366,612
25,905,000	27,685,000	29,937,130	28,275,060	30,565,000
22,353,574	20,988,977	21,974,788	22,214,941	24,630,277
166,986,168	196,529,026	227,286,405	367,673,383	385,590,093
(4,604,321)	(10,176,017)	(22,302,834)	(72,702,179)	(22,799,003)
22,615,000	83,484,089	124,505,000	117,130,000	136,075,000
2,687,312	15,286,690	4,188,077	12,372,611	20,691,926
(39,859)	(215,382)	(127,160)	-	(277,741)
(25,312,360)	(72,809,971)	(16,223,139)	(39,059,203)	(74,793,146)
122,534	148,021	1,203,437	116,537	488,358
23,237,197	29,705,338	24,492,569	35,576,201	29,074,998
(22,665,660)	(28,587,917)	(23,919,493)	(35,269,808)	(26,716,581)
644,164	27,010,868	114,119,291	90,866,338	84,542,814
$ (3,960,157)	$ 16,834,851	$ 91,816,457	$ 18,164,159	$ 61,743,811
34%	33%	31%	28%	28%

Total
$ 76,550,409
87,388,454
90,928,568
95,591,085
98,638,161
103,112,404
109,991,892
122,989,468
136,062,856
149,578,696

Property Values
Last Ten Fiscal Years
(Amounts Expressed in Thousands)
(Unaudited)

Fiscal Year	Residential	Commercial	Agricultural	Other	Total
2007	$ 7,608,652	$ 2,698,477	$ 1,715,744	$ 410,992	$ 12,433,865
2008	9,036,656	3,172,130	1,882,737	441,991	14,533,514
2009	9,769,981	3,637,354	2,025,605	614,719	16,047,659
2010	9,927,874	3,941,347	1,704,074	738,906	16,312,201
2011	10,248,536	3,362,592	1,468,255	836,237	15,915,620
2012	10,286,119	3,848,885	1,431,366	925,365	16,491,735
2013	10,703,582	4,105,671	1,374,212	973,193	17,156,658
2014	11,575,890	4,424,849	1,558,173	1,121,554	18,680,466
2015	13,330,794	4,879,036	1,787,543	1,268,086	21,265,459
2016	15,495,664	5,516,991	2,099,118	2,095,166	25,206,939

Less: Exemptions	Net Taxable	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
$ 1,876,439	$ 10,557,426	$ 0.45000	$ 10,557,426	100%
2,084,901	12,448,613	0.45000	12,448,613	100%
2,455,833	13,591,826	0.45000	13,591,826	100%
2,354,173	13,958,028	0.46500	13,958,028	100%
2,254,716	13,660,904	0.46500	13,660,904	100%
2,374,063	14,117,672	0.46191	14,117,672	100%
2,415,608	14,741,050	0.46191	14,741,050	100%
2,782,278	15,898,188	0.46191	15,898,188	100%
3,218,656	18,046,802	0.46000	18,046,802	100%
4,411,470	20,795,469	0.46000	20,795,469	100%

Property Tax Rates
Direct and Overlapping Governments
(Per $100 of Assessed Value)
Last Ten Fiscal Years
(Unaudited)

Collin County

Tax Year	Fiscal Year	City of Frisco Operating	City of Frisco Debt Service	City of Frisco Total	Collin County, Texas Operating	Collin County, Texas Debt Service	Collin County, Texas Total	Frisco Independent School District Operating	Frisco Independent School District Debt Service	Frisco Independent School District Total
2006	2007	0.226370	0.223630	0.45000	0.194690	0.050310	0.2450	1.2100	0.3700	1.5800
2007	2008	0.233152	0.216848	0.45000	0.191640	0.053369	0.2450	0.9600	0.3900	1.3500
2008	2009	0.240721	0.209279	0.45000	0.184260	0.058240	0.2425	1.0000	0.3700	1.3700
2009	2010	0.261882	0.203118	0.46500	0.187080	0.055420	0.2425	1.0000	0.3900	1.3900
2010	2011	0.261732	0.203268	0.46500	0.184580	0.055420	0.2400	1.0000	0.3900	1.3900
2011	2012	0.263446	0.198464	0.46191	0.176050	0.063950	0.2400	1.0000	0.4200	1.4200
2012	2013	0.272957	0.188953	0.46191	0.174663	0.065337	0.2400	1.0400	0.4200	1.4600
2013	2014	0.282626	0.179284	0.46191	0.180334	0.057166	0.2375	1.0400	0.4200	1.4600
2014	2015	0.286791	0.173209	0.46000	0.177268	0.057732	0.2350	1.0400	0.4200	1.4600
2015	2016	0.297064	0.162936	0.46000	0.169800	0.055200	0.2250	1.0400	0.4200	1.4600

Information obtained from the Collin County Central Appraisal District.

Denton County

Tax Year	Fiscal Year	City of Frisco Operating	City of Frisco Debt Service	City of Frisco Total	Denton County, Texas Operating	Denton County, Texas Debt Service	Denton County, Texas Total	Frisco Independent School District Operating	Frisco Independent School District Debt Service	Frisco Independent School District Total
2006	2007	0.226370	0.223630	0.45000	0.192790	0.039130	0.23192	1.2100	0.3700	1.5800
2007	2008	0.233152	0.216848	0.45000	0.183830	0.052060	0.23589	0.9600	0.3900	1.3500
2008	2009	0.240721	0.209279	0.45000	0.184430	0.051340	0.23577	1.0000	0.3700	1.3700
2009	2010	0.261882	0.203118	0.46500	0.187730	0.062070	0.24980	1.0000	0.3900	1.3900
2010	2011	0.261732	0.203268	0.46500	0.199900	0.074000	0.27390	1.0000	0.3900	1.3900
2011	2012	0.263446	0.198464	0.46191	0.205657	0.071700	0.27736	1.0000	0.4200	1.4200
2012	2013	0.272957	0.188953	0.46191	0.209225	0.073642	0.28287	1.0400	0.4200	1.4600
2013	2014	0.282626	0.179284	0.46191	0.197909	0.074291	0.27220	1.0400	0.4200	1.4600
2014	2015	0.286791	0.173209	0.46000	0.197909	0.074291	0.27220	1.0400	0.4200	1.4600
2015	2016	0.297064	0.162936	0.46000	0.192148	0.069852	0.26200	1.0400	0.4200	1.4600

Information obtained from the Denton County Central Appraisal District.

Collin County Community College			Prosper Independent School District			Total Direct and Overlapping	Total Direct and Overlapping
Operating	Debt Service	Total	Operating	Debt Service	Total	Rates FISD	Rates PISD
0.0800	0.0077	0.0877	1.3700	0.4300	1.8000	2.36268	2.58268
0.0800	0.0070	0.0870	1.1700	0.5000	1.6700	2.13199	2.45199
0.0800	0.0065	0.0865	1.1700	0.5000	1.6700	2.14899	2.44899
0.0800	0.0063	0.0863	1.1500	0.4900	1.6400	2.18380	2.43380
0.0800	0.0063	0.0863	1.1300	0.5000	1.6300	2.18130	2.42130
0.0800	0.0063	0.0863	1.1700	0.5000	1.6700	2.20821	2.45821
0.0800	0.0063	0.0863	1.1700	0.5000	1.6700	2.24821	2.45821
0.0800	0.0036	0.0836	1.1700	0.5000	1.6700	2.24305	2.45305
0.0790	0.0030	0.0820	1.1700	0.5000	1.6700	2.23696	2.44696
0.0790	0.0030	0.0820	1.1700	0.5000	1.6700	2.22696	2.43696

Lewisville Independent School District			Little Elm Independent School District			Total Direct and Overlapping	Total Direct and Overlapping	Total Direct and Overlapping
Operating	Debt Service	Total	Operating	Debt Service	Total	Rates FISD	Rates LISD	Rates LEISD
1.330000	0.310000	1.64000	1.361000	0.379000	1.74000	2.26192	2.32192	2.42192
1.040000	0.340000	1.38000	1.030000	0.430000	1.46000	2.03589	2.06589	2.14589
1.040000	0.368700	1.40870	1.040000	0.490000	1.53000	2.05577	2.09447	2.21577
1.040000	0.386700	1.42670	1.040000	0.500000	1.54000	2.10480	2.14150	2.25480
1.040000	0.386000	1.42600	1.040000	0.500000	1.54000	2.12890	2.16490	2.27890
1.040000	0.436400	1.47640	1.040000	0.500000	1.54000	2.15927	2.21567	2.27927
1.040000	0.437000	1.47700	1.040000	0.500000	1.54000	2.20478	2.22178	2.28478
1.040000	0.437000	1.47700	1.040000	0.500000	1.54000	2.19411	2.21111	2.27411
1.040000	0.437000	1.47700	1.040000	0.500000	1.54000	2.19220	2.20920	2.27220
1.040000	0.436730	1.47673	1.170000	0.370000	1.54000	2.18200	2.19873	2.26200

FRISCO
PROGRESS IN MOTION

Principal Taxpayers
Current Year and Nine Years Ago
September 30, 2016
(Unaudited)

Taxpayer	2016 Taxable Assessed Valuation	2016 Rank	2016 Percentage of Total Assessed Valuation	2007 Taxable Assessed Valuation	2007 Rank	2007 Percentage of Total Assessed Valuation
Stonebriar Mall Ltd Partnership	$ 287,982,811	1	1.14%	$ 199,407,047	1	1.60%
BPR Shopping Center LP	121,936,281	2	0.48%	109,005,094	2	0.88%
Hall Office Portfolio DB LLC	77,440,725	3	0.31%			
AMLI Parkwood Boulevard LLC	66,124,988	4	0.26%			
Specified Properties	64,642,933	5	0.26%			
Columbia Medical Center	63,587,704	6	0.25%			
Pure as Apts LLC	63,493,738	7	0.25%			
Tenet Frisco Ltd	63,316,269	8	0.25%	108,855,385	3	0.88%
CH Realty VII/MF Frisco S	58,500,840	9	0.23%			
Oncor Electric Delivery Company	57,348,106	10	0.23%	36,891,090	5	0.30%
IKEA Property Inc				40,692,724	4	0.33%
Frisco Stonebriar LTD				36,491,077	6	0.29%
Hendry Properties				35,880,000	7	0.29%
Hammons of Frisco, Inc				34,200,000	8	0.28%
Pulte Homes of Texas, LP				32,633,429	9	0.26%
Mario Sinacola & Sons Excavation Inc				31,313,051	10	0.25%
	$ 924,374,395		3.67%	$ 665,368,897		5.35%

Source: Collin County Central Appraisal District

Property Tax Levies and Collections
Last Ten Fiscal Years
(Unaudited)

Fiscal Year Ended September 30	Total AdjustedTax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collected in Subsequent Years
		Amount (1)	Percentage of Levy	
2007	$ 48,345,163	$ 47,643,803	98.5%	$ 683,222
2008	57,167,336	55,805,155	97.6%	1,341,000
2009	61,871,241	61,279,520	99.0%	562,525
2010	65,517,279	64,473,212	99.4%	1,014,569
2011	64,345,854	63,720,218	99.4%	525,339
2012	65,877,537	64,899,099	98.5%	843,756
2013	68,804,186	67,880,858	99.7%	801,443
2014	75,218,433	74,061,793	98.5%	1,012,175
2015	83,429,459	83,034,597	99.5%	158,619
2016	95,635,773	95,400,787	99.8%	-

(1) Includes Rollback Tax Collections each year:

2007	778,465
2008	1,081,586
2009	693,764
2010	233,345
2011	970,168
2012	1,034,439
2013	920,854
2014	1,567,254
2015	1,798,784
2016	2,085,716

Total Collections to Date		
	Amount	Percentage to Levy
$	48,327,025	100.0%
	57,146,155	100.0%
	61,842,045	100.0%
	65,487,781	99.4%
	64,245,557	99.4%
	65,742,855	99.8%
	68,682,301	99.8%
	75,073,968	99.8%
	83,193,216	99.7%
	95,400,787	99.8%

Ratio of Outstanding Debt by Type
Last Ten Fiscal Years
(Unaudited)

Fiscal Year		Governmental Activities: General Obligation Bonds (1)	Governmental Activities: Certificates of Obligation	Business-Type Activities: General Obligation Bonds (3)	Business-Type Activities: Unlimited Tax Bonds	Business-Type Activities: Certificates of Obligation
2007		$ 324,335,000	$ 164,020,000	$ 14,850,000	$ 280,000	$ 119,699,999
2008		337,795,000	205,410,000	14,305,000	-	115,310,000
2009		324,775,000	196,975,000	13,775,000	-	110,385,000
2010		317,930,000	184,265,000	14,415,000	-	103,735,000
2011		356,815,000	123,405,000	27,460,000	-	83,790,000
2012		347,800,000	106,035,000	33,305,000	-	70,930,000
2013		361,004,945	97,649,500	47,495,055	-	72,425,500
2014	(2)	383,943,103	179,938,265	55,967,190	-	77,369,745
2015		419,158,041	199,484,507	82,020,832	-	58,220,972
2016		468,046,042	192,838,087	76,173,629	-	72,011,281

(1) Includes component unit debt which is not supported by ad valorem tax.
(2) Net of Premiums and Discounts beginning 9/30/2014
(3) General Obligation Refunding Bonds which are not supported by ad valorem tax.

	Total Primary Government	Percentage of Personal Income	Per Capita
$	623,184,999	15%	6,406
	672,820,000	17%	6,627
	645,910,000	15%	6,091
	620,345,000	10%	5,303
	591,470,000	13%	4,816
	558,070,000	11%	4,350
	578,575,000	10%	4,257
	697,218,303	11%	4,876
	758,884,352	12%	5,025
	809,069,039	11%	5,115

Ratio of Net Bonded General Obligation Debt
to Assessed Value and
Net Bonded General Obligation Debt Per Capita
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Population (1)	Assessed Value (2)	General Obligation Bonded Debt (3)	Less Debt Service Funds
2007	97,280	$ 10,557,426	$ 339,185,000	$ 2,408,479
2008	101,524	12,448,613	352,100,000	3,897,639
2009	106,036	13,591,826	338,550,000	3,582,382
2010	116,989	13,958,028	332,345,000	3,156,010
2011	122,822	13,660,904	384,275,000	3,452,399
2012	128,281	14,117,672	381,105,000	4,355,598
2013	135,920	14,741,050	408,500,000	4,150,522
2014	142,990	15,898,188	439,910,293	4,414,583
2015	151,030	18,046,802	501,178,873	5,278,799
2016	158,180	20,795,469	544,219,671	5,175,796

(1) Population estimate as of September 30
(2) Original Certified Taxable Value (,000)
(3) Includes refunded bonded debt which is not supported by ad valorem tax. The amount is net of premium and discounts beginning in 2014.

	Net Bonded General Obligation Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
$	336,776,521	3.19	3,462
	348,202,361	2.80	3,430
	313,537,618	2.31	2,957
	302,273,990	2.17	2,584
	340,712,602	2.49	2,774
	323,794,402	2.29	2,524
	325,539,423	2.21	2,395
	379,528,520	2.39	2,654
	495,900,074	2.75	3,283
	539,043,875	2.59	3,408

Computation of Direct and Overlapping Bonded Debt
General Obligation Bonds
September 30, 2016
(Unaudited)

Jurisdiction	Net Bonded Debt Outstanding	Percentage Applicable to Government	Amount Applicable to Government
Direct debt:			
City of Frisco, Texas	$ 544,219,671	100.00%	$ 544,219,671
Total direct debt	544,219,671		544,219,671
Overlapping debt: (1)			
Collin County	395,590,000	12.98%	51,347,582
Collin County College District	16,910,000	12.98%	2,194,918
Denton County	608,895,000	10.98%	66,856,671
Frisco Independent School District	1,851,248,851	71.66%	1,326,604,927
Lewisville Independent School District	1,086,640,601	3.40%	36,945,780
Little Elm Independent School District	154,222,748	13.55%	20,897,182
Prosper Independent School District	343,782,630	6.24%	21,452,036
Total overlapping debt	4,457,289,830		1,526,299,096
Total direct and overlapping debt	$ 5,001,509,501		$ 2,070,518,767
Total direct and overlapping debt % of AV:			9.96%
Total direct and overlapping debt per capita:			$13,089.64

(1) Information obtained from the Municipal Advisory Council of Texas Report.

Computation of Legal Debt Margin
September 30, 2016
(Unaudited)

The City Charter of the City of Frisco, Texas does not provide for a debt limit. Under provisions of state law, the maximum tax rate is limited to $2.50 per $100 assessed valuation.

The tax rate for fiscal year 2016 was established at $0.46 per $100 of assessed valuation based on 100% of appraised value.

Demographic and Economic Statistics
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Population (1)	Personal Income (,000)	Per Capita Income (2)	Median Age (2)	School Enrollment (3)	Unemployment Rate (4)
2007	97,280	4,106,772	42,216	33.5	27,207	3.9%
2008	101,524	4,042,381	39,817	31.7	30,761	4.9%
2009	106,036	4,430,820	41,786	33.2	33,895	7.9%
2010	116,989	5,961,993	40,185	32.8	37,269	8.1%
2011	122,822	4,673,131	38,048	33.9	40,122	8.0%
2012	128,281	5,180,628	40,385	34.0	42,650	5.4%
2013	135,920	5,757,299	42,358	34.0	45,479	4.3%
2014	142,990	6,155,291	43,047	34.3	49,632	3.2%
2015	151,030	6,584,153	43,595	36.1	53,323	3.5%
2016	158,180	7,555,626	47,766	37.0	55,924	3.9%

Data Sources
(1) City of Frisco (Population) as of October 1, 2016
(2) U.S. Census 2013 Estimated from 2012 Statistics
(3) Frisco Independent School District (School Enrollment), October 2016
(4) City of Frisco Development Services Annual Report January 2017

Principal Employers
Current Year and Nine Years Ago
September 30, 2016
(Unaudited)

	2016			2007		
Employer	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Frisco ISD (3,835 certified teachers)	6,970	1	8.84%	2,570	1	17.13%
Amerisource Bergen Specialty Group	1,450	2	1.84%	500	6	3.33%
City of Frisco	1,430	3	1.81%	684	4	4.56%
Conifer	1,150	4	1.46%	-		
Baylor Medical Center	642	5	0.81%			
Mario Sinacola & Sons Excavating	603	6	0.76%	400	9	2.67%
Oracle	500	7	0.63%			0.00%
Centennial Hospital	490	8	0.62%			0.00%
Collin College	429	9	0.54%	550	5	3.67%
IKEA Frisco	423	10	0.54%	400	8	2.67%
T-Mobile USA	-	-	-	1,500	2	10.00%
Rodman Paving	-	-	-	780	3	5.20%
CLA USA, Inc.	-	-	-	450	7	3.00%
Target	-	-	-	350	10	2.33%
Total	14,087		17.86%	8,184		54.56%

Source: North Central Texas Council of Governments website, Frisco ISD Communications, Collin County Employment Survey

City Government Employees by Function/Program
Last Ten Fiscal Years
(Unaudited)

Function	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General government	180	193	193	194	197	206	202	217	238	258
Public safety										
Police										
Officers	127	147	149	150	146	146	151	158	170	180
Civilians	49	49	49	49	58	59	67	67	70	78
Fire										
Firefighters and officers	128	142	142	142	140	161	161	165	185	197
Civilians	11	12	11	11	13	13	15	15	17	21
Highways and streets										
Engineering	43	46	46	46	46	45	46	44	45	48
Maintenance	47	49	49	49	49	49	42	54	55	55
Culture and recreation	255	367	367	366	355	360	378	449	451	472
Environmental services	10	12	12	12	12	12	12	12	12	15
Utilities	75	79	79	79	79	79	80	83	87	92
Stormwater	0	0	0	4	6	10	6	11	12	14
Total	925	1,096	1,097	1,102	1,101	1,140	1,160	1,275	1,342	1,430

Operating Indicators by Function
Last Ten Fiscal Years
(Unaudited)

Function	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General government										
Building permits issued										
Residential	1,962	1,293	1,296	2,179	1,322	1,370	2,255	2,033	2,386	2,187
Commercial	321	358	289	278	328	325	347	454	432	549
Planning and development cases processed	362	288	159	171	236	309	402	454	432	447
Police										
Physical arrests	2,141	2,235	2,088	2,934	3,381	3,398	3,245	3,200	3,138	3,197
Traffic violations	11,006	13,154	14,229	12,078	15,783	16,413	17,460	20,194	19,708	21,008
Parking violations	237	319	412	589	913	854	799	668	387	294
Fire protection										
Number of calls answered	6,447	6,779	7,351	7,178	8,186	8,684	8,645	9,738	10,666	11,747
Inspections	3,261	4,766	4,638	4,648	4,886	5,373	5,490	5,192	5,437	6,386
Inspections - SAFER Program	-	-	-	2,075	2,443	2,688	2,922	2,656	2,555	1,532
Highways and streets										
Street resurfacing (square yards)	5,307	11,291	3,013	14,808	1,500	6,291	22,376	36,166	25,827	19,391
Street curb miles swept	9,300	10,945	13,889	7,887	7,896	7,896	7,896	7,896	7,896	5,144
Environmental services										
Solid waste collected (tons)	74,668	78,427	76,934	74,548	76,209	79,154	86,814	93,583	110,962	105,050
Recycled materials collected (tons)	12,409	13,770	14,136	14,605	14,556	15,343	15,814	15,716	16,382	17,457
Culture and recreation										
Library materials circulation	690,062	778,374	1,118,394	1,175,383	1,266,866	1,510,956	1,266,005	1,410,434	1,788,695	2,242,554
Parks acreage	1,314	1,333	1,348	1,374	1,348	1,348	1,348	1,449	1,449	1,432
Athletic facilities and pavilion rental (visits)	528,229	608,500	766,404	743,731	756,317	803,925	710,430	697,775	711,661	853,265
Water										
New connections	2,239	3,282	1,009	1,344	1,408	1,473	2,372	2,280	2,541	2,889
Average daily consumption (million gallons/day)	17.95	23.90	22.3	22.6	27.7	26.5	25.8	20.9	24.2	25.6
Sewer										
Average daily wastewater flow (million gallon/day)	9.06	9.17	9.1	10.3	9.4	8.5	10.0	10.6	12.1	13.2

Capital Asset Statistics by Function
Last Ten Fiscal Years
(Unaudited)

Function	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General government										
Sports Complexes Supported	7	7	7	7	7	7	7	7	7	7
Museums, Art Gallery Supported**	1	1	1	1	1	3	3	3	3	3
Public Safety										
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol and Traffic Dedicated Vehicles	35	40	40	41	35	35	38	42	45	60
Fire Stations	5	6	6	6	6	7	7	7	8	8
Highways and streets										
Streets (miles)	1,331	1,139	1,158	1,177	1,196	1,246	1,246	1,709	1,771	2,011
Streetlights	6,179	6,827	6,967	7,094	7,350	7,732	8,173	8,523	8,973	9,360
Traffic signals	46	49	53	61	86	91	96	100	102	111
Culture and recreation										
Parks acreage										
Parks developed	452	602	636	636	646	646	646	864	921	921
Parks undeveloped	862	731	712	738	702	702	702	585	528	511
Swimming pools	2	3	2	1	1	1	1	1	1	1
Recreation centers	1	1	1	1	1	1	1	1	1	1
Community centers	2	2	2	2	2	2	2	2	1	1
Tennis courts	4	4	6	6	6	6	6	6	8	8
Soccer fields	27	31	35	35	35	35	35	35	35	35
Baseball fields	14	19	19	19	19	19	19	19	24	24
Water										
Customers/Accounts	35,709	37,153	38,029	39,695	41,079	42,539	44,988	47,039	49,740	52,182
Water lines (miles)	609	649	712	733	746	771	810	842	899	914
Fire hydrants	6,136	6,555	7,349	7,783	7,892	8,299	8,602	9,039	9,712	9,886
Maximum daily capacity (millions of gallons)	46.0	63.0	93.0	133.0	134.0	134.0	127.0	127.0	127.0	127.0
Sewer										
Customers/Accounts	32,971	34,304	35,113	36,651	37,929	39,335	43,091	44,312	46,763	48,281
Sanitary sewers (miles)	465	508	531	560	569	592	620	629	693	705
Storm sewers (miles)	371	402	459	485	330	526	551	589	642	375